



Daily Report—

China

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General

U.S. Considers Opening Contacts With Pyongyang

*OW1710115888 Beijing XINHUA in English
0812 GMT 17 Oct 88*

[Text] Washington, October 16 (XINHUA)—The United States, in line with a proposal from Seoul, is considering opening diplomatic and trade contacts with the Democratic People's Republic of Korea according to a U.S. report today.

Among the steps under consideration are the resumption of limited diplomatic contacts, relaxation of visa restrictions on North Koreans and the encouragement of unofficial exchanges, THE NEW YORK TIMES reported.

The newspaper quoted unidentified State Department officials as saying no final decision had been made on the U.S. bid to ease strains with Pyongyang.

"It's fair to say that we'll be taking some steps in close coordination with South Korea in the wake of No's visit," one State Department official said.

U.S. President Reagan will meet South Korean President No Tae-u in Washington on Thursday [20 October].

U.S. Concerned About Western Loans to USSR

*OW2110212188 Beijing XINHUA in English
1845 GMT 21 Oct 88*

[Text] Washington, October 21 (XINHUA)—The recent sudden rise in banking loans from major Western industrialized countries to the Soviet Union has caused grave concern in Washington, creating divisions in the Reagan administration and disturbing lawmakers on the Capitol Hill.

In the last 10 days commercial banks in Federal Germany, France, Britain, Italy and Japan have shown their intention to lend more than nine billion dollars to Moscow's Bank for Foreign Economic Affairs, a U.S. press report said today, comparing to a total new lending to the Soviet Union of only eight billion dollars in the three years ended last December 31.

The developments rekindled debates between hard- and soft-liners in the Reagan administration. The Pentagon argues that this lending helps the Soviets maintain global commitments inimical to American interest, while the State and Treasury Departments are reluctant to offend America's allies or impose controls on the free flow of capital, the report said.

Some lawmakers fear the new money will help maintain the Soviet military and the U.S. Senate has already called on the President to study the impact of the credits on U.S. national security.

Many analysts believe that a new administration, pushed by Congress, is likely to press the U.S. European allies and Japan to provide more information about the loans and to work out some basic guidelines within the framework of the Organization for Economic Cooperation and Development (OECD), based in Paris.

However, the report noted, because the recent foreign banking offers to finance Soviet economic reform have been made with enthusiasm, any efforts by Washington to slow the process are expected to be stoutly resisted.

The more than nine billion dollars of lending indicated over the last 10 days consist of 1.67 billion dollars announced earlier this week in Federal Germany; 775 million dollars announced by Italian banks; 2.6 billion dollars in a credit agreement that British banks are preparing, according to banking sources in London; 2 billion dollars expected from France, as reported in the Paris newspaper LE MONDE; and 2 billion dollars expected from Tokyo, according to banking sources in Japan.

The loans are known as general purpose or untied loans because they are not linked to specific trade transactions.

U.S. Denies Loan Dispute

*OW2210212088 Beijing XINHUA in English
1842 GMT 22 Oct 88*

[Text] Washington, October 22 (XINHUA)—The U.S. State Department denied Friday [21 October] that there is a policy disagreement within the administration over recent surge of foreign bank lending to the Soviet Union.

Charles E. Redman, spokesman for the State Department, issued a policy statement after THE NEW YORK TIMES reported yesterday that "sharp divisions" have broken out within the Reagan administration about the lending program, with the Defense Department opposing the loans and the State and Treasury Departments reluctant to offend America's allies or impose controls on the free flow of capital.

Redman said a position paper has been agreed on and recently circulated, with only minor differences remaining among departments.

"The United States does not oppose commercial lending at market rates aimed at supporting an expansion of non-strategic trade with the Soviet Union," Redman said. "The United States does strongly oppose the notion of subsidized loans to the Soviet Union."

"We have a consensus with our allies on this issue," he said, adding that a statement permitting expanded East-West economic relations and rules on export credit have been accepted by the Western European allies.

State Department officials confirmed reports that commercial banks in Federal Germany, France, Britain, Italy and Japan have signaled their intention in recent weeks to provide Moscow with loans totaling about nine billion dollars.

However, U.S. press reports said there is much debate and pressing concern about the lending on Capitol Hill.

Over administration opposition, the U.S. Senate voted, 64 to 2, Tuesday [18 October] to adopt a resolution calling on the administration to work with allies to end "united, general purpose lending" to the Soviet Union "for reasons both of national security and prudent commercial banking."

The question of how to deal with external support for the Soviet economy has the potential for serious and emotional discord between the United States and its allies, U.S. press reports noted. Several experts said it is likely to be the subject of initial policy-making in the next U.S. Administration.

'Roundup' Views ASEAN Economic Cooperation
OW2010194588 Beijing XINHUA in English
1531 GMT 20 Oct 88

[*"Roundup: A Step to Closer ASEAN Economic Cooperation (by Ma Shengrong)" —XINHUA headline*]

[Text] Bangkok, October 20 (XINHUA)—Countries of the Association of Southeast Asian Nations (ASEAN) have taken a step further to economic cooperation by strengthening regional trade and taking a joint position in world trade negotiations.

The consensus was reached earlier this week when ASEAN economic ministers met in Thailand's central city of Pattaya.

The signing of the "Brand-to-Brand Complementation in the Automotive Industry" is considered by observers here as a "breakthrough" in industrial cooperation and trade among the ASEAN countries: Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand.

ASEAN officials had been discussing the project for several years. But differences remained until recently due to the national development plan on the automotive industry in various countries. Malaysia, the Philippines and Thailand produce similar brands of auto parts while Indonesia has its own plan of production of all brands it is manufacturing.

However, Indonesia eventually agreed to join the project at this week's meeting. "By 1992, we'll be ready to participate in the program," said Indonesian Minister of Industry Hartarto, adding that Indonesia's auto industry

is the most advanced in ASEAN. At present, Indonesia exports car components to Japan, Hong Kong, Africa and other regions under such brands as Toyota, Daihatsu and Suzuki.

Under the signed "Brand-to-Brand Complementation" agreement, auto parts imported by ASEAN countries will enjoy a minimum of 50 percent margin of tariff preference.

ASEAN economists are of the view that the project is expected to raise the standard of car production in ASEAN countries as a whole and boost automobile exports to other countries.

Improving intra-ASEAN trade has been a major thrust of ASEAN following the third ASEAN summit in Manila, the Philippines, last December. The summit called on ASEAN members to strengthen their respective economies so as to head off the adverse effect brought by protectionism prevailing in some of the developed countries.

ASEAN countries have currently improved the implementation of the Preferential Trading Arrangements (PTA). The final report adopted at this week's economic ministers meeting note that with the implementation of this year's PTA program by all ASEAN countries, the total PTA items will be brought to 14,462.

To further promote trade within ASEAN, the economic ministers urged an ad hoc committee of the regional body to draw up guidelines on steps and actions for implementing initiatives on commodities and to accelerate the proposed establishment of ASEAN data bank on commodities.

A senior Thai official told XINHUA that "in order to get ourselves stronger, ASEAN has to add impetus to trade among its members. The progress has been slow. But we are a step closer to our goal."

ASEAN economic ministers believe that they have to join hands in international negotiations to protect the interests of ASEAN countries. They agreed to take a joint stand on issues affecting the group at the forthcoming mid-term review of the Uruguay round of multilateral trade negotiations.

Philippine Secretary of Trade and Industry Jose Conception complained that offers by some developed countries to eliminate or reduce tariffs on certain tropical products "do not cover major products of export interest to ASEAN, including bananas, vegetable oil, pineapples, rice, manioc and some processed products."

According to a statement issued at the end of the ministers' meeting, the failure to achieve tangible and concrete results on tropical products at the mid-term review meeting would jeopardize the credibility of the Uruguay round.

Sources here disclosed ASEAN officials agreed that ASEAN countries have to coordinate their position more frequently both in intra-ASEAN affairs and in international trade negotiations.

RENMIN RIBAO on Italian-Soviet Relations
HK2110142488 Beijing RENMIN RIBAO in Chinese
19 Oct 88, p 6

[("Roundup" by RENMIN RIBAO reporter Shi Kedong (0670 0344 2767): "New Development in Italian-Soviet Relations")]

[Text] Rome, 17 Oct (RENMIN RIBAO)—Italian Prime Minister Ciriaco de Mita finished his 3-day official visit to the Soviet Union and returned to Rome on the evening of 16 October. Ciriaco de Mita is the first leader of a NATO country to visit the Soviet Union since Mikhail Gorbachev was elected chairman of the USSR Supreme Soviet Presidium. Therefore, his visit has attracted the general attention of public opinion circles here.

During his stay in Moscow, Ciriaco de Mita had five rounds of meeting with Mikhail Gorbachev, and they talked about East-West relations, questions of disarmament, bilateral economic cooperation, and bilateral trade relations. The talks were mainly about strengthening the cooperation between the Soviet Union and Western Europe. Western commentaries consider that since the signing of the INF agreement between the Soviet Union and the United States, the Soviet Union has shown much flexibility in its foreign relations. Apart from maintaining its dialogue with the United States, it has enthusiastically carried out multilateral foreign relations activities. Viewed from the situation of this meeting, the Italian and Soviet leaders achieved a wide-ranging unity of views on realizing East-West detente and on strengthening the Soviet Union's cooperation with Western Europe. Mikhail Gorbachev told reporters that it seemed like both sides' documents "were drafted by the same group of people." On the aspects of the Vienna negotiations on cutting back Europe's conventional weapons and on all-around banning of chemical weapons, Soviet Foreign Affairs Minister Eduard Amvrosiyevich Shevardnadze said that the Soviet Union was willing to make "positive efforts." The contact that he had with the Soviet leaders during his visit provided Ciriaco de Mita with a very good opportunity to understand the reform being implemented in the Soviet Union and the Soviet Union's views on a number of international questions. Ciriaco de Mita told reporters that this visit had given him a "positive impression."

Promoting bilateral economic cooperation between the Soviet Union and Italy was another important aspect of this visit. Aside from the Italian foreign minister, five ministers from the government and economic realms and magnates of large state and private consortiums, which have great international influence, accompanied Ciriaco de Mita on his visit to the Soviet Union. Public

opinion pointed out that this was the first time in the history of Italian-Soviet relations that such a large line-up had appeared outside of bilateral meetings between EEC member countries. On 15 October, Ciriaco de Mita and Mikhail Gorbachev attended the opening ceremony of the "Italy in the Year 2000" economic and scientific and technological exhibition. This exhibition was organized by the Italian Foreign Trade Association to coincide with Ciriaco de Mita's visit. The exhibition concentrated the essence of Italy's industry, science, and technology, so as to enable the Soviet leaders to have a better understanding of the possibilities in cooperating with Italy. Italy is poor in resources and has to import from the Soviet Union raw materials such as crude oil, natural gas, timber, paper pulp, and so on. Last year, the total amount of its bilateral trade with the Soviet Union reached 6,500 billion lira (about U.S. \$5 billion). Italy has become the Soviet Union's third largest trading partner. Italy believes that the reform in the Soviet Union will accelerate the growth of its investment in improving people's life, raising production returns, and tertiary industry. Therefore, it has made use of this opportunity and used this large-scale scientific and technological exhibition as a bridge to enhance mutual understanding and to positively open up the Soviet market.

The two countries have signed six agreements: Italy will provide the Soviet Union loans of 1,050 billion lira, and they will jointly carry out research on the peaceful use of outer space, expand tourism, conduct movie and television exchanges, and set up joint venture enterprises and so on.

Ciriaco de Mita is satisfied with the positive political and economic results obtained by his visit. Mikhail Gorbachev has agreed to visit Italy in 1989. Newspaper commentaries here have said that the visit of Ciriaco de Mita to the Soviet Union has not only achieved further development in Italian-Soviet relations, but has also opened a new page in cooperation between Eastern and Western Europe.

United States & Canada

Embassy Voices Concern Over U.S. Census Form
OW2210201788 Beijing International Service
in Mandarin 0900 GMT 20 Oct 88

[Text] The U.S. Senate held a full session on 18 October at which a proposal by Senator Kasten was adopted. His proposal calls for maintaining nine categories under the category of Asians, which are Chinese, Filipinos, Japanese, Koreans, Indians from Asia, Vietnamese, Hawaiians, Samoans, and Guamanians in 1990 census survey form. Thus is in opposition to the bill passed 3 weeks ago by Congress on adding Taiwanese and two other categories to the census form. It has been learned that the background of the move to list Taiwanese separately in their own category involves the activities of some advocates of Taiwan independence. They lobbied several

congressmen to propose this bill, which was designed to divide the national unity of the Chinese people. The Chinese Embassy in the United States, after learning about this proposal, voiced opposition to this proposal to the authorities concerned in Congress and the State Department. At the same time, authorities concerned of Taiwan in the United States also expressed opposition to the U.S. Congress.

Soviet Union

Deng Reportedly Calls Gorbachev 'Comrade'
*OW2210084788 Tokyo KYODO in English
0819 GMT 22 Oct 88*

[Text] Beijing, Oct. 22 KYODO—China's senior leader Deng Xiaoping called Soviet leader Mikhail Gorbachev comrade, thus indicating the Communist Parties of the two nations have essentially restored friendly relations. East European diplomatic sources said here Saturday [22 October].

Deng met with Romanian President Nicolae Ceausescu last Monday [17 October] and reportedly said "I should call him (Gorbachev) comrade now."

Ceausescu stopped off in Beijing on his way home from a trip to North Korea. He returned home Friday.

Comrade is a form of address among communists. China stopped describing Soviet leaders as comrades since relations between the two nations deteriorated over ideological differences in the 1960's.

Deng, chairman of the Central Military Commission of the Chinese Communist Party, was quoted as saying that Gorbachev deserved to be called a comrade because he has made many changes in Soviet policy.

He also went on to say, according to the sources, that Gorbachev seems to have new views concerning the Soviet Union's international policy and that he intends to do good things.

Earlier Deng was quoted as saying that a Sino-Soviet summit meeting may be held next year.

With Deng calling Gorbachev comrade, it was generally believed that the planned summit talks may become a ritual for the restoration of friendly ties between the two neighboring communist giants.

The sources said Deng also asked Ceausescu to relay his congratulations to Gorbachev on his becoming president of the Soviet Union. Gorbachev succeeded outgoing President Andrei Gromyko at the end of September.

They said Ceausescu was believed to have passed Deng's congratulations to Gorbachev by telephone upon his return to Romania.

They added that the normalization of Sino-Soviet relations has completely got on the right track.

Commenting on an earlier report that Deng had asked Ceausescu to relay his secret letter to Gorbachev in 1985, the sources said it was not a letter but a verbal message calling for relaxation of tension on the Sino-Soviet border.

Chen Muhua Meets Soviet Women's Delegation
*OW2110193288 Beijing XINHUA in English
1149 GMT 21 Oct 88*

[Text] Beijing, October 21 (XINHUA)—Chen Muhua, chairwoman of the All-China Women's Federation, met with a Soviet woman's delegation led by Zoya Pavlovna Puhova, chairman of the Committee of Soviet Women, and hosted a dinner in its honor here tonight.

Chen is also vice chairwoman of the Chinese National People's Congress Standing Committee.

The delegation arrived here Thursday [20 October] for a goodwill visit to China at the invitation of All-China Women's Federation.

Soviet Economic Delegation Leaves Hulin County
SK2410031888 Harbin Heilongjiang Provincial Service in Mandarin 1000 GMT 22 Oct 88

[Text] A six-member border economic and trade delegation from the Soviet city of Dalnerechensk, led by (Andrey Gilemiko), chairman of the Dalnerechensk City Executive Committee, concluded its 4-day economic and trade talks in Hulin County, and left this morning for home via Suifenhe.

During its stay in Hulin County, the Soviet border trade delegation visited plants, shops, and commodity fairs and signed letters of intent and contracts on technological cooperation on the construction of a friendly power plant, on labor service exports, and on barter trade.

Northeast Asia

DPRK Urges Koreans To Work for Reunification
*OW2210030488 Beijing XINHUA in English
0823 GMT 21 Oct 88*

[Text] Pyongyang, October 21 (XINHUA)—Pyongyang has called on Koreans both at home and abroad to strive for the reunification of the country, and to foil maneuvers by South Korean authorities to create "two Koreas."

The Central Committee of the Democratic Front for the Reunification of the Fatherland, and the Committee for Peaceful Reunification of the Fatherland of the Democratic People's Republic of Korea (DPRK), Thursday [20 October] held a joint meeting.

The meeting discussed measures for creating "two Koreas" taken by South Korean authorities and other issues relating to the reunification of the fatherland.

This was reported in today's edition of the Korean newspaper, "NODONG SINMUN."

At the meeting it was pointed out that South Korean authorities are trying to create "two Koreas," and to keep the country divided forever by realizing what they call "cross recognition" and "simultaneous UN membership".

The meeting called on opposition parties, units, people of various circles, and students in South Korea to unite with the people of the North. All factions were urged to strive against South Korean maneuverings, and to promote the reunification of the country.

The meeting also called on the United States to withdraw from the Korean peninsula, and to stop its interference in South Korean internal affairs.

Article Urges North-South Dialogue
*HK2110080188 Beijing SHIJIE ZHISHI
in Chinese No 19, 1 Oct 88 pp 18-19*

[Article by Yu Shaohua (5713 1421 5478): "Force Open the Separating Door To Resume Dialogue Between the North and the South"]

[Text] A great upsurge of "reunification," which has never occurred in the past, is sweeping the Korean peninsula. There is a turn for the better for dialogue between the North and the South, which has been suspended for 2 and ½ years.

In the past, the dialogue between North and South Korea sometimes continued, sometimes was suspended. However, this year, promoted by the situation whereby people from North and South Korea are energetically striving for national reunification, and influenced by the easing of international tension, there is a new chance for resumption of the dialogue between North and South Korea, which was once suspended.

Powerful Torrent of the Student Movement [subhead]

On New Year's Day this year the Korean party and state leader Kim Il-song proposed in his New Year message a joint meeting between personages from various circles in North and South Korea, including persons in office from both sides, and called for the realization of Korean national reconciliation and easing tension on the peninsula. This followed the efforts made by the Korean Government for the independence and peaceful reunification of the fatherland. In recent months, there has been a great upsurge in various localities on the peninsula, urging dialogue and reunification between the North and the South. In South Korea, more than 10,000 students from over 70 universities and colleges held a rally on 14

May, approving an open letter to students of the northern side of Korea. They proposed a meeting in Panmunjom between students from the North and the South, mass demonstrations throughout the territory, a sports meet of youths and students from the North and the South, mutual exchanges between separated relatives and youths and students from the North and the South, co-hosting the Olympic Games, and other proposals. Students from the North Korea fully supported and favored the proposals put forward by students from the South. Thereafter, an unprecedented great upsurge of demand for independence and peaceful reunification has been swiftly sweeping the entire Korean peninsula. For more than 40 years, all previous South Korean autocratic governments never allowed persons who were not in office, social organizations, or the masses to "get involved in the issue of reunification." Anyone who conducted a dialogue with, or carried out exchanges with the North without prior approval by the authorities would be severely punished in accordance with the "state public security law." However, in recent years, particularly since the earthshaking "June struggle" for the democratic right to vote, the South Korean people's consciousness of democracy and participation in government and political affairs has become increasingly stronger. Taking the demand of the students from North and South Korea for talks as a turning point, the public in South Korea has once again raised its voice for reunification, which was choked by the military autocratic rulers for many years. That voice has been resounding rapidly in the South. In a short period of 1 month before the scheduled meeting, South Korean students carried out various kinds of activities with reunification as their main theme, including sports competitions, song contests, oratory contests, and other activities. Figures from political, press, religious, and other circles also issued statements one after another, or held discussions to support the declaration issued by the students. In their declaration, the students urged the abolition of all laws and policies impeding discussion and campaigns for reunification. What merits our attention is that when people shouted their slogans of reunification, their indignant cry of "Yankees, go home" could also be heard everywhere. Definitely linking the act of opposing U.S. intervention and the immediate withdrawal of U.S. troops from South Korea with the realization of independence and peaceful reunification has become one of the marked and unique characteristics of the struggle.

The Indomitable Second Action [subhead]

In the face of this unprecedented torrent, the new regime in South Korea was caught unprepared. No Tae-u said that the present situation in South Korea is the "most critical since the Korean war." While announcing that mutual visits of students would be "arranged by the government," he ordered the suppression of all "radical organizations," and the arrest of leaders of the student movement. On 10 June, when the meeting between students from North and South Korea was scheduled to be held, more than 1,300 young students from the

University of Korea and Central University in Seoul went by bus to a place near the Imchinkang Bridge, which is located on the southern side of the 38th Parallel, to shout the slogan "Marching Toward Reunification," and to stage an anti-American and antigovernment demonstration. That day, more than 26,000 students in various localities in South Korea also took part in demonstrations, and more than 4,000 students lay down on the highway leading to the North. The panic-stricken South Korean authorities sent 60,000 armed policemen to arrest about 800 students. They even ordered troops to make preparations for a second-line block. The student delegation from the South could not arrive in Panmunjom as scheduled. The 13 members of the student delegation from the North waited for at least 2 hours in a meeting room of the Neutral Nations Supervisory Commission in Panmunjom. They could not meet their compatriots from the South, whom they were eager to meet. On the second day of the clash on 11 June more than 2,000 persons who never lost heart, including students and nongovernment figures, held another rally to send another letter to the students in the North. In the letter, they suggested that a great march of all students from the length of the territory of Korea from the North to the South be conducted on 8 August, and that student talks be held on 15 August in Panmunjom. On 8 August, students from the North and the South started out respectively from Paektu Mountain on the northern end and Cheju Island on the southern tip of the peninsula to carry out their great march over the length of the territory. Students from the North who participated in the march passed through 10 cities and traveled more than 1,000 km. They arrived in Panmunjom on 15 August. Due to the fact that the roads to Panmunjom were heavily blocked, and that they were again violently obstructed by the police, students from the South were not able to arrive in Panmunjom. More than 400 students were arrested.

Although South Korean students were not able to fulfill their desire to hold talks with students from the northern side, their two successive mammoth struggles, which were full of power and grandeur, are a matter of profound significance and influence. The struggles have steeled those young students, and kindled their enthusiasm. Their struggles have become more and more mature. Those students fulfilled their desires by their indomitable actions and practice—"We pledge to become the vanguard of reunification, and to make a breakthrough in eliminating division, and in seeking national harmony." The actions of the young students have set a precedent in the history of the South Korean people of demanding to be masters of their own fate, and participating in the issue of reunification. As the South Korean society has just freed itself from military dictatorship, and has started to march toward democratization, the student movement has aroused the enthusiasm of the broad masses of people, so that they strive more urgently for democracy and participation in the issue of reunification. In recent months, an "upsurge of reunification" has been sweeping across the country. People

from various quarters have been taking action, and adopting various forms to urge an end to the situation of the "government monopolizing the window of reunification." Discussions on the situation in North Korea, and on the "plans for reunification," and meetings on special topics of reunification have been held everywhere by social organizations. The struggle of the people of the southern side for "democracy and reunification" has entered a completely new period. After the No Tae-u regime took office, it was twice violently pounded by the struggle of the South Korean people. To rid South Korea of its foul image with regard to the issue of the reunification of Korea, No Tae-u has been compelled to make concessions. On 7 July, he dished out a six-point special statement on the Korean reunification issue. He announced that he would promote exchanges between personages from the North and the South, develop trade between the North and the South, and end their confrontation. However, just as a commentary in Korea's NODONG SINMUN has pointed out, No Tae-u's statement "is aimed at gradually developing 'cross-contacts' and 'cross-recognition,' through exchanges of personnel between the North and the South, and promotion of trade, so that 'two Koreas' will be finally legalized." Public opinion maintains that No Tae-u has launched a political and economic offensive against the North in a disguised form, trying to take the initiative in the reunification of Korea. NODONG SINMUN stressed: "Eliminating military confrontation and easing tension between the northern side and the south side" is an issue of "top priority which should be solved first."

The Door of Separation Has Been Loosened [subhead]

In the meantime, the government and people of the North are also promoting the process of reunification and dialogue. During the first half of this year, the northern side of Korea suggested twice to the southern side that a North-South joint meeting be held. When the South Korean people more and more strongly urged discussion on the issue of reunification, the Korean Supreme People's Assembly sent a letter to the South Korean Parliament, proposing a joint meeting between the parliaments of the North and the South, and a draft "Common Declaration of Mutual Nonaggression" between the North and the South. On 23 July four opposition parties in South Korea, the Democratic Justice Party, the Popular Party, the Democratic Party, and the Republican Party reached an agreement on unanimously favoring the North's proposal. [sentence as published] The United States also believes that this is a "very positive step." On 28 July the National Assembly of South Korea officially accepted the proposal of the northern side. Both sides are exchanging letters to discuss matters concerning a preparatory meeting. An invisible door, which has separated the North from the South for 35 years, has now been loosened.

On 19-26 August, the two sides sent five delegates each to hold four rounds of preparatory talks in the "Reunification Pavilion" in the North, and the "Home of

"Freedom" in the South, and secret contacts involving the heads of the delegations from both sides. The talks between the two sides focused on the three issues of a declaration of mutual nonaggression, the form of a joint parliamentary meeting, and the Olympic Games. The differences between the two sides were: The northern side maintained that the declaration of mutual nonaggression should be signed by the legislative organs of the two sides, whereas the southern side insisted that it should be signed by the government executive organs. The southern side intended to change the joint parliamentary meeting between the North and the South, as proposed by the North, into parliamentary talks between the North and the South. The northern side insisted that the 24th Olympic Games should be co-hosted by the North and the South, because the Olympic Games "are a serious political matter which will determine the fate of the Korean people." The southern side refused to make any substantive concession on this issue, saying that the northern side could only participate in, rather than co-hosting, the games. During the talks, the southern side said that the northern side was inflexible, while the northern side accused the southern side of "lacking sincerity." Notwithstanding, compromise was reached to a certain extent at the meetings. The delegation from the northern side initially agreed to change the joint parliamentary meeting between the North and the South into a parliamentary meeting of the North and the South, but it stressed that the South Korean side should be held responsible for the failure to co-host the Olympic Games. The northern side explicitly pointed out that it would make every effort to implement the plan to hold a joint parliamentary meeting between the North and the South. It stressed the talks would not stop until final success. Both sides agreed after consultations that the next round of talks would be held in October after the Olympic Games.

A Dialogue To Be Conducted in October [subhead]

Reviewing the current dialogue between North and South Korea, we discover some new and marked characteristics. In other words, it has a wide and profound mass foundation, and young students have played a catalytic role in it. This has created a very favorable situation for contacts between political groups of the two sides. The Korean Government has adopted a more flexible and active attitude, and the rigidity in its actions has been lessened. To lighten the pressure exerted by the democratic movement, to cool the anger of the opposition parties, and to make use of the 24th Olympic Games to enhance their international prestige so that they can "accomplish the great historical task," the South Korean authorities announced not long ago that the ban on discussing the issue of reunification between the North and the South had been lifted. They have even stated that they are willing to hold a summit meeting between the North and the South. Both the United States and the Soviet Union have also adopted a positive attitude toward the dialogue on the Korean peninsula.

It is expected that at the talks to be held in October, the withdrawal of the U.S. Armed Forces from the Korean peninsula will become a prerequisite for solving all the problems of the peninsula. The Korean people will never change their principle of demanding independence and peaceful reunification. On 8 September, the eve of national day, President Kim Il-song delivered a speech, proposing the founding of the Korean Democratic Federal Republic, containing two kinds of social system. To attain the aim of reunification on the basis of the founding of the federal republic, he called on the northern and southern sides to make efforts to establish a joint committee. People are expecting a breakthrough in the settlement of the Korean issues along the direction of independence and peaceful reunification, rather than making them more and more complicated.

Southeast Asia & Pacific

U.S.-Philippine Bases Talks 'More Difficult' *OW2010000288 Beijing XINHUA in English 0741 GMT 19 Oct 88*

[“News Analysis: A Compromise Pact (by Zhai Shuyao and Zheng Jie)”—XINHUA Headline]

[Text] Manila, October 19 (XINHUA)—After six months of off-again and on-again negotiations, the Philippines and the United States have finally concluded an agreement on the continued use of the U.S. military bases in the country until September 1991.

People from various sectors here have had mixed reactions to the agreement since it was signed by Philippine Foreign Affairs Secretary Raul Manglapus and U.S. State Secretary George Shultz in Washington on October 17. While a number of government officials and private citizens welcomed the accord, many others either assailed the U.S. offer to pay 481 million U.S. dollars for the compensation of the bases as a "low rent" or took up a wait-and-see attitude. Some criticized the negotiators as "giving way too much" and "glossing over more significant issues like Philippine sovereignty" by allowing the continued stay of the U.S. bases.

But President Corazon Aquino and government officials declared in statements that the agreement "reaffirms the enduring bilateral relationship between our respective countries and allows us to proceed to improve other aspects in the relationship."

Analysts here deemed the newly-concluded memorandum of agreement as a result of compromise made by both sides.

All signs show that both the U.S. and the Philippines have to continue to meet their mutual needs and interests by reaching a mutually acceptable agreement on the vital issue of the retention or removal of the U.S. military bases.

The Clark Air Base and Subic Naval Base, the two largest U.S. military facilities abroad, serve as the main outposts of U.S. air and naval power in the Pacific-Indian Ocean region. It would be difficult for the U.S. to withdraw them, even if they have repeatedly threatened to do so.

With the important role that has been assigned to the U.S. bases here, it is little wonder why the U.S. is worried every time there is a move by the Philippine Government that could hamper its effective use of the facilities.

On the other hand, the Philippine Government also needs continued U.S. economic and military assistance. It had to soften its hard-line posture in the negotiations when the U.S. and its Western allies linked the granting of assistance to the passage of bases pact.

Among the salient features of the compromised Manglapus-Shultz accord is the detailed provision of the compensation issue.

Under the pact, the U.S. agrees to pay 481 million U.S. dollars in cash annually to the Philippines for the continued use of the military bases for the years 1990-1991. The amount is 267 percent higher than the 180 million U.S. dollars a year Washington is paying for 1985-1989.

As the "soft components" of the compensation package, the U.S. also promises to buy more Philippine products, and particularly help it ease its 28.9-billion-U.S. dollar foreign debt burden.

In return, the Philippines amends its original demand for a compensation of at least 1.2 billion U.S. dollars yearly for the use of the Clark and Subic bases and four other minor military facilities in the country.

On the other key issue of nuclear weapons, the agreement grants the Manila Government a final authority over storage and installation of nuclear arms on Philippine territory. However, the U.S. nuclear warships and aircraft will be allowed to make port calls or enter the Philippine territory.

Analysts noted that the Philippine panel led by Manglapus had demanded the following issues at the start of the talks: removal of the clause "unhampered military operations" from the U.S.-Philippine military bases agreement and the changes in the provision on criminal jurisdiction. The Philippines wants jurisdiction over soldiers who commit crime and prior notice on any U.S. military operations conducted from the bases.

However, the agreement neglects the mention of the critical issues. Manglapus himself admitted that the review "has not resolved all the issues" the Philippine side has raised.

The newly-concluded agreement covers only the last two years of the 1947 bases agreement which expires in 1991. Analysts predicted that a new round of talks or bargaining will begin to tackle the more vital issues concerning the fate of the U.S. bases here beyond 1991 and the talks will be even more difficult.

A Philippine senior foreign affairs official has said the agreement is a positive stepping-stone towards smooth talks on the possibility of extending the bases agreement beyond 1991.

Any new treaty on the extension of the bases will have to be approved by the 23-member Philippine Senate, where the anti-U.S. base bloc claims to have two more than the eight votes necessary to veto any such pact.

President Corazon Aquino said earlier that she would announce her options on the fate of the U.S. bases after the talks.

Analysts said that there would be great possibilities that the president would grant an extension of the bases after the expiration of the current agreement. But the new treaty would not cover a term of 50 years. It is likely to be a term of five or ten years, during which time Manila would consider more alternative options on the U.S. bases, proceeding from the long-term national interest of the Filipinos.

Army Official Meets Australian Visitor
OW1910000488 Beijing XINHUA in English
1523 GMT 18 Oct 88

[Text] Beijing, October 18 (XINHUA)—Xu Xin, deputy chief of the general staff of the Chinese People's Liberation Army, gave a dinner in honor of Lt. General L.G. O'Donnell, chief of the general staff of Australian Army, here tonight at the Great Hall of the People.

Lt. General O'Donnell arrived here yesterday. This morning General Xu Xin held a ceremony welcoming O'Donnell.

O'Donnell will also visit Nanjing and Shanghai before concluding his China tour and leaving for home on Oct. 23.

SRV's Nguyen Van Linh Calls for Renovation
OW1710152488 Beijing XINHUA in English
1235 GMT 17 Oct 88

[Text] Hanoi, October 17 (XINHUA)—Vietnamese Communist Party General Secretary Nguyen Van Linh today called for creating a striking power for the work of renovation.

The Vietnamese top leader made a 8-minute speech this afternoon at the 6th National Congress of the Vietnamese Trade Union, of which Linh held as the president from 1978 to 1980. [as received]

It is essential to effect a comprehensive renovation in all domains of activity, ranging from thinking, notably economic thinking, manner and method of leadership and of working to organization and personnel, Linh said.

He recalled the situation in the past five years, saying that "there were many achievements, but no few difficulties were encountered, to say nothing of many shortcomings and errors. Socio-economic upheavals, especially spiralling 'inflation and fits of food fever' have a far-reaching effect on the life of every worker and on every family."

Linh said, "The panorama of our society does not yet have many fundamental changes. Many difficulties need to be overcome, many contradictions must be eliminated."

The top leader stressed, "We fully realize that no renovation, no transformation of a nation can be effected without upheaval and cost."

Linh did not mention in his long speech the country's foreign policies, especially how to solve the Kampuchea issue, the root cause of Vietnam's isolation in the world and its worsening domestic situation.

Near East & South Asia

Iranian Deputy Foreign Minister Begins Visit

Arrives in Beijing
LD2410095888 Tehran IRNA in English
0743 GMT 24 Oct 88

[Text] Beijing, Oct. 24, IRNA—Deputy Foreign Minister Mohammad Hoseyn Lavasani arrived here on an official two-day visit Sunday night [23 October] at the end of his three-day visit to Japan. He was welcomed at the airport by a group of Chinese Foreign Ministry officials as well as Iran's Ambassador Ala-ed Din Borujerdi and members of Iran's diplomatic corps.

In an interview with IRNA upon his arrival, Lavasani described the results of his trip to Japan as "positive." He said during his meeting with Japanese foreign minister and parliamentary speaker he had informed them of obstacles created by Iraq on the way of U.N. Resolution 598. The Japanese officials expressed their concern over Iraq's strategy in relations with the peace talks.

The deputy foreign minister is to inform Chinese officials of Iran's viewpoints on various international issues and discuss Tehran-Beijing ties during his stay here.

Meets With Li Peng

OW2410142188 Beijing XINHUA in English
1327 GMT 24 Oct 88

[Text] Beijing, October 24 (XINHUA)—Chinese Premier Li Peng and Mohammad Hoseyn Lavasani, Iran's deputy foreign minister and special envoy to China, met here today for discussions.

After conveying regards from Iranian Prime Minister Hoseyn Musavi, Lavasani briefed Li on the current status of peace talks between Iran and Iraq, which began on August 25, and on the Iranian Government's position on settling the Iran-Iraq dispute and restoring peace to the troubled region.

Li said the Chinese Government's position on the Iran-Iraq issue is clear and consistent. China has always maintained that disputes between nations should not be settled through the use of armed force. Therefore, China has maintained the policy of "strict neutrality and enthusiastic persuasion for peace" throughout the Iran-Iraq dispute.

"We are delighted to see that both Iran and Iraq have accepted resolution No. 598 of the United Nations Security Council, and have begun implementing a ceasefire agreement," Li said.

"Of course, eight years' of war between Iran and Iraq have created a number of problems, and it is impossible to solve them all at one stroke.

"We hope Iran and Iraq will implement the resolution in the spirit of consultation and mutual understanding and accommodation, under the mediation of the secretary general of the United Nations," he added.

Li told the Iranian envoy that China will, as always, support the efforts made by the U.N. secretary general and play its due role in the U.N. Security Council. "We hope that Resolution 598 will be fully implemented and that lasting peace will be realized in the Gulf region," he said.

Li expressed satisfaction with the friendly relations between China and Iran. He said he hoped that after the war has ended Sino-Iranian economic, trade and other relations will continue to grow, on the basis of the five principles of peaceful coexistence.

Earlier today, Chinese Vice-Foreign Minister Qi Huaiyuan and Lavasani held working talks.

The Iranian special envoy arrived Sunday evening on a visit at the invitation of the Chinese Government.

Sub-Saharan Africa

Angolan President Dos Santos Ends China Visit

Meets Zhao Ziyang

OW2110163188 Beijing XINHUA in English
1542 GMT 21 Oct 88

[Text] Beijing, October 21 (XINHUA)—Communist Party of China leader Zhao Ziyang said here today that China treasures very much the militant friendship between the Chinese and Angolan peoples established in the struggle against imperialism and colonialism.

Zhao, general secretary of the CPC Central Committee, made this remark while meeting visiting Angolan President Jose Eduardo dos Santos and his party today.

During their cordial conversation, Zhao expressed a warm welcome to Dos Santos, the first head of state of Angola to visit China.

Zhao said the current visit to China by Dos Santos is an important visit as it will certainly promote friendship and cooperation between the People's Liberation Movement of Angola and Angola's Party of Labor and the Chinese Communist Party, and between China and Angola.

Dos Santos said he hoped Angola and China will increase mutual contacts and understanding so as to open up and expand areas and forms of cooperation between them.

Zhao Ziyang said he is very much in favor of the opinions of Dos Santos.

Dos Santos briefed Zhao on the situation in southern Africa, and Angola's internal and external policies.

Zhao Ziyang said that China highly appreciates the Angolan Government and people's unremitting efforts and struggle in keeping domestic peace and stability, revitalizing and boosting the economy, safeguarding the country's sovereignty and security, and opposing aggression from South Africa.

Zhao reiterated China's support for Angola in its efforts to seek a political settlement to the Angolan and Namibian questions, and its efforts to maintain regional peace and stability, as well as for the just struggles of Angola and other frontline states.

Zhao gave the guests an explanation of the theory of the primary stage of socialism which was put forward at the 13th National Congress of the Communist Party of China, and the fundamental policies of socialist construction outlined on the basis of the theory.

Prior to the meeting, Dos Santos and his party toured the Forbidden City here.

Meets Li Peng

OW2110132888 Beijing XINHUA in English
1259 GMT 21 Oct 88

[Text] Beijing, October 21 (XINHUA)—China is delighted by the present easing of tension in southern Africa, Chinese Premier Li Peng said here today.

Li made the remark during a talk with visiting Angolan President Jose Eduardo dos Santos at the Great Hall of the People.

Dos Santos briefed Li on the situation in southern Africa and the Angolan people's struggle against invasion and harassment by the South African authorities, as well as on the quadripartite talks involving the United States, South Africa, Angola and Cuba.

Agreements might be reached during the talks, the Angolan president said.

Li Peng reiterated that China resolutely condemns the policy of apartheid pursued by South African authorities, and supports the just struggle waged by the frontline countries.

Speaking of the international situation, Li pointed out that China welcomes the present easing of tension in the world, which is conducive to China's socialist construction and tallies with the interests of the people of the whole world.

Dos Santos said that the easing of tension in the world will help to settle regional conflicts. He expressed his hope that such easing of tension will continue.

Li Peng also briefed Dos Santos on China's principled position on normalizing its relations with the Soviet Union.

The two leaders also introduced the economies of their respective countries to each other.

Li expressed his appreciation to the Angolan Government for its efforts in restoring and developing the economy.

The Chinese premier said nearly 40 years have passed since China began to build socialism, and great achievements have been made. Many mistakes, however, have also cropped up in the course of this endeavor, he stressed.

The biggest mistake, Li went on, was that the Communist Party of China (CPC) was not clear about its central task after taking power in 1949, namely, whether to undertake economic construction or to go on with the class struggle. For a considerable length of time, China was still involved in waging class struggle, he explained.

This mistake was not rectified until the 3d Plenum of the 13th CPC Central Committee in 1978, which stipulated that China should go all-out for economic construction and implement the policy of reform and opening to the outside world, he said.

During the three-hour cordial conversation, both sides expressed their willingness to further bilateral friendly and cooperative relations in the fields of politics, economy, science and technology.

Meets Deng Xiaoping
*OW2210115988 Beijing XINHUA in English
1033 GMT 22 Oct 88*

[Text] Beijing, October 22 (XINHUA)—Senior Chinese leader Deng Xiaoping today expressed his belief that the Angolan president's current visit to China will enhance the relations between the two countries.

During his meeting with Angolan President Jose Eduardo dos Santos here today, Deng described Sino-Angolan relations as "good" since the two countries forged diplomatic ties in 1983.

Deng extended his warm welcome to the visitors, saying that "increased mutual understanding is an important basis for strengthening friendly relations."

The Angolan president said "we held that our current visit is a very important one, so I have come with a high-ranking delegation."

Dos Santos said he was glad to have an opportunity to meet Deng, whom he described as "playing an important role in China's political, economical and social reforms."

He also congratulated on the achievements made by the Chinese people in building up their country.

Deng briefed the Angolan visitors on China's development strategy concerning its socialist construction. As Third World countries as well as developing countries, China and Angola should take the advantage of the present easing of tension in the world to develop themselves, he said.

Dos Santos gave an account of the situation in southern Africa and Angola's foreign and domestic policy. He noted that his country has experienced 26 years of war, and peace is their primary goal, adding that Angola is prepared to achieve this goal through negotiations.

Deng stressed that China supports Angola's opposition to apartheid policy pursued by the South African authorities. "Dialogue is better than confrontation, and relaxation is better than tension," he added.

It is wise for Angola to have flexibility in the course of dialogue and China wished it success, Deng said.

Earlier this morning, Dos Santos visited a tank unit of the Beijing Military Area Command of the Chinese People's Liberation Army.

Chinese Arms Sought
*OW2210151888 Tokyo KYODO in English
1424 GMT 22 Oct 88*

[Text] Beijing, Oct. 22 KYODO—Angolan President Jose Eduardo dos Santos currently visiting China said Saturday [22 October] he is interested in buying price-competitive Chinese arms to fight South Africa-backed dissident forces.

Dos Santos made the remark at a news conference after completing a series of meetings with Chinese leaders.

He held talks with senior Chinese leader Deng Xiaoping, party leader Zhao Ziyang and Premier Li Peng.

Dos Santos said he discussed with the Chinese leaders military cooperation between China and Angola.

He was accompanied by Defense Minister Pedro Maria Tonha.

He said he would study which weapons his country would purchase from China.

Dos Santos, however, declined comment on whether he has asked China for weapons supply.

The Angolan Government is fighting against forces of the South Africa-backed UNITA (National Union for the Total Independence of Angola).

China is the world's fourth largest arms exporter to Third World nations.

It is Dos Santos' first visit to China.

Cooperation Documents Signed
*OW2210182988 Beijing XINHUA in English
1041 GMT 22 Oct 88*

[Text] Beijing, October 22 (XINHUA)—China and Angola signed three treaties on cooperation here today, with Chinese President Yang Shangkun and his Angolan counterpart Jose Eduardo dos Santos present for the signing ceremony.

The Chinese Communist Party and the People's Liberation Movement of Angola - Party of Labor signed an accord for cooperation, by which they agreed to strengthen their friendly relations on the principled basis of independence, complete equality, mutual respect and non-interference in each other's internal affairs.

Meanwhile, the Chinese and Angolan Governments signed an agreement for setting up a joint committee for bilateral cooperation in economics, technology and trade.

The joint committee will study and designate the spheres and forms of cooperation and solve relevant possible problems, according to the accord.

The two governments also signed a treaty on culture, which says the two countries will expand exchanges and cooperations in the fields of culture, education, science, sanitation, sports, publication and press.

Leaves for Guangzhou
OW2210182388 Beijing XINHUA in English
1039 GMT 22 Oct 88

[Text] Beijing, October 22 (XINHUA)—Angolan President Jose Eduardo dos Santos and his party left here this afternoon for a visit to China's south city, Guangzhou.

Chinese President Yang Shangkun and Dos Santos have [as received] a farewell meeting in the Great Hall of the People.

Yang said Dos Santos' stay in Beijing is short but his visit is very successful.

Dos Santos said he and Chinese leaders had fruitful discussions and he is satisfied with the results.

Before the meeting, the Angolan President gave a press conference at which he said during the meetings with Chinese leaders, the two sides exchanged views on international issues of common concern, the development of bilateral relations and cooperation in the fields of industry and transport and trade.

He said both countries wished to strengthen exchanges between the two parties so as to promote mutual understanding. "It is very important to strengthen mutual understanding," he stressed.

Dos Santos on Industrial Cooperation
OW2310165288 Beijing XINHUA in English
1327 GMT 23 Oct 88

[Text] Guangzhou, October 23 (XINHUA)—Angolan President Jose Eduardo dos Santos, while visiting a shipyard here today, called for cooperation between Chinese and Angolan industrial enterprises.

A major enterprise in the field in south China, the Wenchong shipyard builds 15,000 dwt vessels and repairs ships under 100,000 dwt.

Dos Santos then toured an orchard and a garment factory in Luogang town outside Guangzhou.

He was honored at a dinner given by Kuang Ji, vice governor of Guangdong.

The president arrived here from Beijing yesterday in the company of Li Senmao, Chinese minister of railways and chairman of the Chinese Government Reception Committee.

Winds Up Official Visit
OW2410095188 Beijing XINHUA in English
0812 GMT 24 Oct 88

[Text] Guangzhou, October 24 (XINHUA)—Angolan President Jose Eduardo dos Santos wound up his five-day official and goodwill visit to China and left here by special plane today.

Prior to the departure of the Angolan president, Li Senmao, Chinese minister of railways and chairman of the Reception Committee of the Chinese Government, conveyed to the president a message from Chinese President Yang Shangkun.

Yang described the Angolan president's visit to China a great success. "Your meetings and talks with Chinese leaders have helped deepen mutual understanding and friendship between the two countries," he said.

Yang expressed the belief that through concerted efforts, the friendship between the Chinese and Angolan peoples and the friendly cooperation between the two countries would further grow.

President Dos Santos described his China visit as an important one which has opened a new page in the Sino-Angolan relations.

He expressed the hope that China will send a high-ranking delegation to visit Angola so as to continue the friendly discussions.

This morning, President Dos Santos visited China's 1988 autumn export commodities fair here.

West Europe

UK's Geoffrey Howe Sends Letter to Deng Pufang
OW2410055188 Beijing XINHUA in English
1318 GMT 23 Oct 88

[Text] London, October 23 (XINHUA)—A delegation from the Sino-British Group on Rehabilitation (SBGR) left here today on a visit to China at the invitation of the China Disabled Persons Federation (CDPF).

The delegation, led by SBGR Chairman Jack Shapiro, is scheduled to attend the inauguration of the first research and rehabilitation center to be opened by the CDPF in Beijing later this month.

Other members of the delegation are Jack Ashley, Alfred Morris and Roger Sims, all members of parliament.

Delegation sources told XINHUA that Sir Geoffrey Howe, the British foreign secretary, has asked the delegation to deliver a letter to Deng Pufang, chairman of the CDPF, in his capacity as patron of the SBGR.

In his letter, Sir Geoffrey expressed the hope that Britain and China will further increase their cooperation in these fields so that real practical improvement can be brought to the lives of ordinary people in need of help.

A CDPF delegation, led by Deng Pufang, visited Britain last month at the invitation of the SBGR and the British Government.

FRG Foreign Minister Genscher Slated To Visit
OW2210183288 Beijing XINHUA in English
0745 GMT 22 Oct 88

[Text] Beijing, October 22 (XINHUA)—Hans-Dietrich Genscher, federal vice chancellor and foreign minister of the Federal Republic of Germany, will visit China from October 30 to November 2 at the invitation of Chinese Foreign Minister Qian Qichen, a Foreign Ministry spokesperson told XINHUA today.

France, FRG Plan 'Common Embassy' in Mongolia
OW2210055788 Beijing XINHUA in English
0218 GMT 22 Oct 88

[Text] Paris, October 21 (XINHUA)—France and Federal Germany will establish a "common embassy" in Mongolia, French Foreign Minister Roland Dumas announced here today.

The decision was made after a meeting with his German counterpart, Hans-Dietrich Genscher, as they made plans for the November 3-4 French-German summit.

Mayoral Delegation Meets Businessmen in Paris
OW2110055788 Beijing XINHUA in English
0228 GMT 21 Oct 88

[Text] Paris, October 20 (XINHUA)—A delegation of Chinese mayors met with leaders from industrial and commercial circles here today and called on them to strengthen economic cooperation between China and France.

Delegation head Guo Songnian, mayor of Qingdao in eastern China, described China's open policy and the efforts for reform now under way.

The mayors described their cities' situations and discussed possible cooperative programs. The delegation, in Paris since October 10, includes the mayors of Qingdao, Fuzhou, Shenyang, Wuhan, Nanjing and Suzhou.

Turkish Official Receives Beijing Mayor
OW2210050888 Beijing XINHUA in English
0118 GMT 22 Oct 88

[Text] Ankara, October 21 (XINHUA)—Turkey's Deputy Prime Minister Kaya Erdem today received the mayor of the Chinese capital of Beijing and discussed with him ways to promote economic relations between the two countries.

Mayor Chen Xitong and his delegation arrived here last night for a week-long visit to Turkey.

Mr. Erdem told the visiting Chinese that the exchange of visits between Turkish and Chinese leaders would promote the development of the economic and trade relations between Turkey and China.

He also told Mayor Chen Xitong that Turkey would curtail investments, increase tax revenue and cut state expenditures in efforts to reduce inflation rate and budget deficits.

Turkish Parliament Speaker Yildirim Akbulut also met with the Chinese delegation today and expressed the hope that the Sino-Turkish relations would be enhanced further.

Mayor Chen called for the promotion of trade between the two countries to match good political relations.

The trade volume between China and Turkey was 18 million U.S. dollars in 1983 but reached 200 million dollars last year.

Switzerland Offers Fire-Prevention Aid
OW2010111588 Beijing XINHUA in English
0743 GMT 20 Oct 88

[Text] Geneva, October 19 (XINHUA)—The Swiss Federal Council agreed today to contribute approximately 1.7 million U.S. dollars to China for prevention of forest fires, the Swiss Telegraphic Agency reports.

Specifically the aid will be devoted to the purchase of extinguishers, transport vehicles and to the training of helicopter pilots for the Chinese Forestry Ministry.

After a historical catastrophic forest fire in May of 1987, in the northern province of Heilongjiang, Switzerland and China exchanged delegations to investigate this catastrophe and to consult on methods of preventing a recurrence.

East Europe

Qiao Shi Ends Visit to Poland

Meets Jaruzelski

OW2310092788 Beijing XINHUA Domestic Service
in Chinese 1736 GMT 22 Oct 88

[Text] Warsaw, 22 Oct (XINHUA)—Jaruzelski, first secretary of the Polish United Workers' Party Central Committee, met with Qiao Shi, member of the Standing Committee of the Political Bureau and member of the Secretariat of the CPC Central Committee, here this morning. Jaruzelski wished China's reform success, and said that China's reform success will support Poland's reform.

Jaruzelski pointed out that Qiao Shi's visit is a continuation of the exchange of visits between high-ranking leaders of the two parties, including his 1986 visit to China and Zhao Ziyang's 1987 visit to Poland. Jaruzelski was pleased that the principle of cooperation between the two parties laid down during his visit to China has been concretely implemented.

Jaruzelski said: Qiao Shi is visiting Poland while socialist construction and reform in both countries are in an important stage. Since we are taking a road that our predecessors had not taken, it is impossible for us to avoid mistakes completely. However, it is better not to make mistakes. He said: It is valuable for the two sides to exchange views and experience in this respect, because the methods employed by both sides to solve problems are identical. The Polish party attaches importance to this point. The exchange will help both sides realize their lines.

Qiao Shi said that although the visit is short, it has rich contents, and that his talks with Polish leaders Czyrek, Baka, and Glowczyk proceeded very well. Qiao Shi emphasized that both countries and both parties have similar tasks and face many similar problems in the course of socialist construction and reform, and that in this regard, both sides have identical thinking and are taking the same road. Qiao Shi briefed Jaruzelski on China's present tasks in deepening reform and the measures to be taken.

Qiao Shi arrived here on 18 October on a goodwill visit.

Leaves for Home

OW2410094688 Beijing XINHUA Domestic Service
in Chinese 0308 GMT 23 Oct 88

[By reporter Wen Youren]

[Text] Warsaw, 22 Oct (XINHUA)—Qiao Shi, member of the Standing Committee of the Political Bureau and member of the CPC Central Committee Secretariat, successfully wound up his official goodwill visit to Poland and left here for home by plane this evening.

Qiao Shi and his party arrived in Poland on the evening of 18 October. During the visit, Qiao Shi was received by Jaruzelski, first secretary of the Polish United Workers' Party Central Committee. He met with Czyrek, Baka and Glowczyk, members of the Political Bureau and the Secretariat of the Polish United Workers' Party Central Committee; and with Mokrzyszczak, chairman of the Central Control and Auditing Commission of the Polish party.

During the meetings, the guests and hosts briefed each other on the situation of reform and party work in their respective countries, and exchanged experience. Both sides agreed that the reforms in Poland and China have many things in common and it is beneficial for both sides to exchange experience. Both sides agreed that Qiao Shi's visit has further promoted friendly cooperation between the two parties.

Qiao Shi and his party visited Poland's ancient capital of Krakow and met with local party and government leaders there. Both sides hoped that the friendly cooperation between Krakow and China's Nanjing City will develop smoothly.

Qiao Shi told reporters at the airport: We have held fruitful talks with the leaders of the Polish United Workers Party. The two sides comprehensively exchanged views and experience with respect to promoting socialist construction and carrying out reform in consideration of each side's own reality, and other issues of common interest. Qiao Shi expressed his belief that Poland has the ability to overcome its present difficulties and solve its problems. He emphasized that his successful visit will promote the friendship between the two parties, two countries, and two peoples.

CPC's Hu Qili on 17th Yugoslav Party Plenum

LD2210170388 Belgrade TANJUG in English
1631 GMT 22 Oct 88

[Text] Beijing, October 22 (TANJUG)—The Chinese leadership firmly believes that the League of Communists of Yugoslavia (LCY) will be capable of overcoming all present difficulties and the crisis, and that it will be able to lead the people in furthering the reform [words indistinct] said Hu Qili member of the Standing Committee of the Politburo of the Chinese Communist Party, today.

Relations between the LCY and the Chinese Communist Party, as well as relations between Yugoslavia and China are very stable and founded a long-term basis, said Hu Qili in talks with Zvone Dragan, Yugoslavia's ambassador to China. Qili added that the events in Yugoslavia were being closely followed in China and that great attention was devoted to Yugoslavia's experiences in carrying through the reform.

We know that the 17th LCY CC [Central Committee] Plenum will adopt important documents and decisions on the current tasks facing Yugoslav communists, said Hu Qili and expressed belief that these tasks would be successfully carried out.

Latin America & Caribbean

NPC Delegation Continues Visit to Brazil

Welcomed by Senate President
OW2210044788 Beijing XINHUA in English
0638 GMT 21 Oct 88

[Text] Brasilia, October 20 (XINHUA)—Humberto Lucena, president of the Brazilian Federal Senate, welcomed a delegation of the Chinese National People's Congress (NPC) this morning in the National Congress.

Lucena told the Chinese Delegation, led by Bainqen Erdini Qoigyi Gyaincain, vice president of the NPC Standing Committee, that exchanges of visits between parliamentary representatives over the last few years have helped increase mutual understanding and friendship between the two countries and the two peoples.

The Bainqen Lama congratulated the Brazilian Parliament for its recent promulgation of a new Constitution, which he described as very important for the restructuring of the democratic system in this South American nation.

He expressed his desire that both great nations, developing countries with much in common, intensify their relations even further in order to complement each other in economic and social developments and to support world peace.

Lucena described relations between China and Brazil as excellent and expressed his desire to further develop them, particularly in the economic, commercial, scientific, and technological fields.

The Senate president plans a visit to China next November as head of a Brazilian parliamentary delegation, and said he hopes his visit will contribute to strengthen friendly relations between the two parliaments and the two nations.

Feted by Senate President
OW2210052188 Beijing XINHUA in English
0140 GMT 22 Oct 88

[Text] Brasilia, October 21 (XINHUA)—Brazilian Congress President Humberto Lucena Thursday night [20 October] gave a dinner in honor of the Chinese parliamentary delegation headed by Bainqen Erdini Qoigyi Gyaincain, vice-president of the Standing Committee of the National People's Congress.

The Chinese mission's visit is part of the continuing strengthening of the ties between China and Brazil, following the establishment of diplomatic relations between the two countries in 1974, Lucena said.

He added the Chinese delegation would be informed of the views of the Brazilian officials of various departments on the need to boost bilateral ties for the mutual benefit, stressing that the economic, trade, and scientific and technological cooperation between China and Brazil would contribute to world peace.

Bainqen said that the two countries were united by their common wish to defend world peace and develop their economies, and that China was ready to maintain and increase the friendly and cooperative ties with Brazil on the basis of the five principles of peaceful coexistence, and that China hoped bilateral relations would continue to expand.

Meets Acting President
OW2210060288 Beijing XINHUA in English
0250 GMT 22 Oct 88

[Text] Brasilia, October 21 (XINHUA)—Brazil's acting president, Ulisses Guimaraes, received this afternoon in the Planalto Palace a visiting Chinese parliamentary delegation.

The Chinese delegation is led by Bainqen Erdini Qoigyi Gyaincain, vice president of the Standing Committee of the National People's Congress (NPC).

Guimaraes, assuming presidential powers while the President Jose Sarney is on an official visit to the Soviet Union, said when he visited China as the head of a Brazilian parliamentary delegation three years ago, he met main Chinese leaders, and for this reason he felt specially honored and pleased to meet here with the Chinese parliamentary colleagues.

Guimaraes, also president of the Chamber of Deputies, reiterated the friendship of the Brazilian people with the Chinese people, saying that bilateral relations have developed rapidly and many Brazilian parliamentarians hope to visit China.

A great country in Latin America, a lover of peace and independence, Brazil has been working actively for Latin American integration, the installation of a new international economic order and a just solution to the problem of the foreign debt. All of these projects have the full support of the Chinese people, Bainqen said.

He said he hopes to see a more constant development of bilateral relations and the cooperation between the two biggest Third World countries will favor world peace.

Visit Termmed Successful
OW2210211788 Beijing XINHUA in English
1904 GMT 22 Oct 88

[Text] Brasilia, October 22 (XINHUA)—The visit of a Chinese parliamentary delegation to Brazil has been a great success, the delegation head said here Friday night [21 October].

Bainqen Erdini Qoigyi Gyaincain, vice president of the People's National Congress Permanent Committee [as received] told guests at a dinner given by Chinese Ambassador to Brazil Shen Yunao that discussions with Brazilian leaders during his two-day visit in Brasilia helped deepen the mutual understanding and friendship between the two countries.

Bainqen Lama met with the presidents of the Congress and the Chamber of Deputies, with leaders of various political parties represented in Congress, with the president of the Supreme Federal Court, and with Acting President Ulysses Guimaraes.

Brazilian Congress President Humberto Lucena said the visit of the Chinese delegation was another proof of the good relations between the two countries.

The Chinese delegation is scheduled to travel today to the Brazilian resort of Foz de Iguazu, where they will visit the world renowned cataracts of Iguazu and the installations of the Iguazu hydroelectrical plant.

A Brazilian parliamentary delegation is scheduled to travel to Beijing in November.

Editorial Views Education in Reform Situation
HK2410113088 Beijing RENMIN RIBAO in Chinese
24 Oct 88 p 1

[Editorial: "Education in the Situation Must Be Pleasant to the Ear and Penetrate Into the Mind"]

[Text] The 3d Plenary Session of the 13th CPC Central Committee proposed that it is necessary to conduct extensive and thorough education in the situation for the whole party and the people of the whole country, focusing on improving the economic environment, rectifying the economic order, and comprehensively deepening reforms. This should be regarded as a new start in strengthening and improving ideological and political work. The CPC Central Committee's Propaganda Department recently convened a national meeting of Propaganda Department directors which made arrangements for this education. An extensive and thorough education in the situation will be gradually unfolded throughout the urban and rural areas of the whole country.

How should we go about doing a really good job of conducting education in the situation, so as to achieve notable results?

First of all, the leading cadres at all levels must have a profound understanding of the necessity and importance of this education in the situation. The guiding principle of improving the economic environment, rectifying the economic order, and comprehensively deepening the reforms, proposed by the third plenary session, is the correct guideline for overcoming the difficulties and problems facing us and victoriously advancing the cause of reforms and construction. To smoothly implement this guiding principle requires planning and arrangements from top to bottom, and also requires support and active implementation by the cadres and masses from bottom to top. It is absolutely essential to ensure that the party's correct ideas are understood and accepted by the cadres and masses by means of carrying out education in the situation. The guiding principle of the third plenary session is the core content of education in the situation, and education in the situation is the major guarantee for effecting the guiding principle of the third plenary session. If we support the guiding principle of the third plenary session, then we should attach importance to education in the situation; and in order to truly implement this guiding principle, we should get a serious grasp of education in the situation. The idea that implementing the spirit of the third plenary session can be done just by relying on administrative orders and measures and that education in the situation is not really necessary and can be dispensed with is one-sided and must be resolutely eliminated.

The key to achieving tangible results in education in the situation lies in making more efforts to ensure that it is pleasant to the ear and penetrates into people's minds. If it is not pleasant to the ear and does not penetrate into people's minds, and people do not want to listen to it or

do not believe it after listening to it, then education in the situation is a failure. Only if it is pleasant to the ear and penetrates into people's minds can the cadres and masses enhance understanding, boost their confidence and morale, and consciously strive to implement the CPC Central Committee's guidelines and policies.

In order that education in the situation can be pleasant to the ear and penetrate into people's minds, the most fundamental thing is to uphold the principle of seeking truth from facts, set forth the facts, and speak the truth. China's achievements in 10 years of reforms are tremendous, and the reforms have injected powerful vitality into the national economy, stimulated economic and social development, and improved people's living standards. Without the reforms, China could never have achieved such great development during these 10 years. At present our general economic situation is good, but there are also many difficulties and problems, the outstanding one being that prices have increased too much. It was precisely based on an all-around analysis of the achievements and the difficulties that the third plenary session stipulated that the emphasis in reforms and construction next year and the year after should be on improving the economic environment and rectifying the economic order, and stressed that it is essential to achieve tangible results. In conducting education in the situation, all localities should, in connection with local reality, fully set out the achievements and the difficulties in a truth-seeking way and give a clear account of the methods and the prospects. They should apply scientific and sober analysis to unify everyone's understanding and boost people's confidence and courage for overcoming the difficulties. Some comrades hold that the moment the call goes out for education in the situation, it means coming out with empty talk such as "the situation is very good, not just partially good." This is a complete misinterpretation. Neither the central documents nor the central leaders have said this. On the contrary, the central authorities have demanded that we seek truth from facts in conducting education in the situation; we should both fully affirm our achievements and also squarely face the existing difficulties and problems. Some comrades can only see the difficulties and problems and cannot see the tremendous achievements that have been scored. Such a view does not accord with reality. If we apply such a view in conducting education in the situation, then people will come to regard the situation as pitch dark and will lose confidence in the future of the reforms. Such a one-sided pessimistic viewpoint should be resolutely eliminated. In addition, certain comrades are apprehensive about setting forth the difficulties and problems for fear that in this way they will negate the achievements and affect the masses' confidence. Such worries are unnecessary. Difficulties and problems exist objectively, and clearly stating the reasons for them and the methods for overcoming and resolving them can only enable people to understand still more profoundly the correctness and necessity of the guiding principle and the policies and measures proposed by the central authorities, and boost their courage and confidence for overcoming the difficulties. If we cover up the difficulties and problems and dare not mention them, the results will be contrary to

what we want. The principle of "letting the people know about the major situations and having them discuss the major problems" proposed by the 13th party congress should be implemented still better in conducting education in the situation.

To ensure that education in the situation is pleasant to the ear and will penetrate into the mind, we must have a definite object in view. Education in the situation should be carried out closely in line with the cadres' and masses' understanding. Whenever education in the situation is taken up, some comrades always expect that the leading organs at the higher level can provide them with a ready-made program and materials for propaganda, believing that education in the situation can be done well by giving lectures according to the supplied program. This is a one-sided view. To be sure, education in the situation must be based on documents and materials, but what are the most important documents and materials? They are the documents issued by the 3d Plenary Session of the 13th CPC Central Committee and the work conference of the CPC Central Committee, and some important relevant remarks recently made by leading comrades of the CPC Central Committee and the State Council. These documents and remarks, containing comprehensive and brilliant analyses and expositions both on the situation and on our tasks, are the most important teaching materials for education in the situation. Of course, we can also make use of propaganda outlines compiled by leading organs and materials that have been carried in some newspapers and journals, but we must never confuse what is primary with what is secondary, nor must we substitute these outlines and materials for the documents issued by the central authorities and the remarks made by leading comrades. Then is it enough just to organize the masses to conscientiously study these important documents and remarks? No, it is still far from enough. As people occupy different social positions and have different interests and experience, they may consciously or unconsciously make their own analyses and judgments on the situation, and thus hold to their own views. Different people may have different views, worries, and doubts. Studies of documents and remarks can help solve some problems of universal significance, but they cannot solve every problem relating to everyone's understanding. Therefore, it is necessary to encourage people to present all their views and doubts on the situation, find out the answers, and air their own opinions, through dialogue or discussion. Education in the situation will thus have a more definite aim. Through dialogue or discussion, leading people will educate the masses, the masses will educate each other, and the masses will also educate leading people. We encourage two-way exchange and cross exchange, and we tolerate different views on particular questions. People are allowed to have reservations and we will wait for practice to make the judgment. In this way education in the situation will be more lively. At present some localities and departments have been proceeding in this way and have already scored good results. This method should be popularized. Now that the 3d Plenary Session of the 13th CPC Central Committee has proposed that this round of education in

the situation be taken as a new starting point for strengthening and improving ideological and political work, we should strive hard to accomplish this task.

To ensure that education in the situation will be pleasant to the ear and will penetrate into the mind, our leading organs and leading cadres at all levels are also required to take real action to resolutely implement the principle laid down by the 3d Plenary Session of the 13th CPC Central Committee. This is a very acute major issue of decisive importance to the current drive of education in the situation. Cadres and masses within and without the party wholeheartedly endorse the analysis on the situation made and the principles, policies, and measures drawn up by the 3d Plenary Session of the 13th CPC Central Committee. What they are most concerned about are: Whether these principles, policies, and measures will be carried out, whether the overexpanded scale of capital construction can be reduced, whether inflation can be restrained, whether commodity prices can be brought under control, and whether corruption will meet with stern punishment. In other words, the masses still have some worries. Education is, of course, necessary for solving this problem, but education alone can never dismiss worries and increase confidence on the part of the masses. The most important thing is real actions—we must show people with effective real actions to improve the environment, rectify order, and deepen the reform. One action is better than a dozen programs. Our efforts to solve problems in a down-to-earth manner will be the most convincing education. Since the 3d Plenary Session of the 13th CPC Central Committee, the CPC Central Committee and the State Council have drawn up a series of specific policies and measures, based on the guiding principle of improving the environment, rectifying order, and deepening the reform. Our leading organs and leading comrades at all levels must work very hard to implement every policy and measure drawn up by the CPC Central Committee and the State Council, to score conspicuous results in improving the environment and rectifying order, and to increase cadres' and the masses' confidence with facts and with themselves as good examples for others.

The situation that has been worrying us for some time has now been improved, thanks to the guiding principle laid down by the 3d Plenary Session of the 13th CPC Central Committee and a series of resolute and effective measures taken by the CPC Central Committee and the State Council. But this is merely a beginning, and many arduous tasks have yet to be undertaken by us. At this moment, greater efforts to promote education in the situation will be of great importance to the further development of the whole situation in a favorable direction.

National Trade Union Congress Opens 22 Oct

Leaders Attend Opening

OW2210182688 Beijing XINHUA in English
0858 GMT 22 Oct 88

[Text] Beijing, October 22 (XINHUA)—China's 11th National Trade Union Congress opened at the Great Hall of the People here today, with more than 1,500 delegates attending.

Zhao Ziyang, Yang Shangkun, Li Peng, Wan Li and other party and government leaders were present at the opening ceremony.

Party General Secretary Zhao Ziyang addressed the meeting and said that the congress will be of great importance in mobilizing the country's working class to help in the strengthening of the reforms, the socialist modernization drive and the overall reform of the trade unions.

President Ni Zhifu of the All-China Federation of Trade Unions gave a report to the congress.

Prior to the congress, Chinese leaders including Zhao Ziyang, Deng Xiaoping, Yang Shangkun, Li Peng, Wan Li, Li Xiannian, Peng Zhen, Hu Qili and Wang Zhen met with all the delegates and had a group picture taken with them.

During the week-long congress, the delegates will review the trade union work since the convocation of the 10th Trade Union Congress in 1983, which was attended by 1,999 delegates. The delegates will also discuss the major tasks ahead for workers' contributions to the country's overall reforms and the trade unions' own reforms. A new national body will also be elected.

Among the 1,500 delegates, more than 1,000 are trade union workers and activists, 148 are scientific workers and 165 model and advanced workers.

One-quarter of the delegates are women. About 12 percent of the delegates are of minority nationalities. Some 14 percent are ordinary workers.

Zhao Ziyang Gives Speech

*OW2210134888 Beijing XINHUA Domestic Service
in Chinese 0917 GMT 22 Oct 88*

[Zhao Ziyang congratulatory speech at the 11th National Trade Union Congress of China on 22 October 1988]

[Text] Beijing, 22 Oct (XINHUA)—Comrades!

The 11th National Trade Union Congress of China is of great significance to mobilizing the working class throughout the country to take part in deepening the reform in an all-around way and in the great undertaking of socialist modernization, and to promoting the reform of China's trade unions. On behalf of the CPC Central Committee and the State Council, I warmly congratulate the congress and extend my cordial regards and high respects to all delegates attending the congress; to model workers; advanced workers and trade union workers on industrial, communications, finance and trade, capital construction, education, scientific and technological, cultural, public health, physical cultural, and other fronts, and to all staff members and worker comrades working hard for reform and construction.

This congress is held on the eve of the 10th anniversary of the 3d Plenary Session of the 11th CPC Central Committee. In the last 10 years, our socialist construction proceeded in the course of reform and opening to the outside world. Facts prove that the line, principles, and policies on reform and opening to the outside world formulated by the party Central Committee conform to China's basic conditions during the initial stage of socialism. They have effectively promoted the development of socialist commodity economy in China, greatly liberated productive forces, and brought about a prosperous national economy and improved living standards of the people. At the same time, they have also promoted the development of social stability, unity among various nationalities, and democracy. The people throughout the country and all staff members and workers are the main force making this great change, as well as its active promoters and participants. They have contributed to reform and construction, and at the same time enjoyed the benefits of reform. In our everyday life, everyone of us can surely experience the historic changes in our country.

However, in the course of our advance, there indeed exist some problems that should not be overlooked. The noticeable inflation and excessive price increase since the beginning of the year have caused concern and worries in all quarters. The just concluded 3d Plenary Session of the 13th CPC Central Committee seriously discussed the problems. The plenary session held that the fundamental causes of such a situation are the excessively rapid economic growth and the total social demand in excess of the total social supply. In the past when things were rationed, the total demand in excess of the total supply usually resulted in an unnoticeable inflation. Since most ration coupons were abolished and the prices of some commodities were decontrolled, the total demand in excess of the total supply has directly resulted in rising commodity prices. To solve the problem of the total demand in excess of the total supply requires two basic conditions. In structure, we must establish a mechanism for enterprises to assume sole responsibility for their profits and losses and to exercise self-restraint. In working guidance, we must strengthen macroregulation and control. While our country now is in a period of shift from old to new structure, enterprises, localities, and departments have not yet truly established a self-restraining mechanism. Under such a situation, it is even more necessary to strengthen and improve the macroregulation and control of the state over the economic life, and various direct regulatory and control means, including administrative means, should not be abandoned too soon. The 3d plenary session has decided that in order to resolutely curb the expanding total social demand and improve and increase effective supply, the emphasis of reform and construction will be conspicuously put on improving economic environment and rectifying economic order in the next 2 years, and at the same time, the reform of enterprises will be accelerated. The State Council is formulating and adopting a series of concrete policies and measures to ensure the implementation of this important policy decision. With concerted efforts made by the people throughout the country and all

the staff members and workers, we can anticipate that the increase of commodity prices next year will be smaller than this year, and the commodity price increase can be kept under control henceforth.

Unfairness in social distribution and the corruption of some personnel in party and state organs also have resulted in strong complaints from the people. These undesirable and corrupt practices are like germs that invade our healthy body through the loopholes that occur in the switchover from the old to the new system. Our economy is more vigorous and prosperous than it was 10 years ago. However, the undesirable and corrupt practices still manage to make inroads because our legal system is far from perfect, because we have not yet established a norm for enterprise behavior and market competition, and because supervision by the state and the society is very loose. Many countries enjoy economic prosperity when the commodity economy develops to a certain stage, but corruption in government organs is inevitable there because the legal system, rules and regulations, and order have not been established. We are a socialist country under the leadership of the Communist Party. Therefore, the party and the government should restrict our party members and state functionaries, and are capable of doing so to minimize corruption. To accomplish socialist modernization, we should ensure the development of the productive forces and the economy, while maintaining a clean government and social justice. These two should be achieved at the same time, as neither is dispensable. Our party's line in the primary stage of socialism has two basic points: One is upholding the four cardinal principles, and the other is upholding the general principle and policy of reform and opening to the outside world. As we deepen reform in all areas and gradually establish a socialist commodity economy and the new order, we will eventually remove the origin of confusion from our system. However, we should not wait until then to attend to the struggle against corruption. We should fully exploit our inherent political superiority; effectively enhance our party's role as the leading force, the core, the supervisor and the guarantor; strictly implement party discipline and laws; improve ideological and political work; and mobilize the whole party and the whole society to stop the occurrence and spread of corruption. The party Central Committee is deeply convinced that in waging this struggle against corruption and in correcting all undesirable confusion, it will definitely obtain the full support of the people throughout the country, the working class in particular, and is bound to achieve solid results.

The 3d Plenary Session of the 13th CPC Central Committee decided to conduct a nationwide campaign to educate the people about the present situation, with the emphases on improving the economic environment, overcoming economic disorder, and deepening reform. Party committees at all levels are drawing up plans accordingly. The party Central Committee hopes that trade union organizations at all levels will take an active part in this work; will reach out to the masses; will join

the large number of workers in earnestly analyzing and correctly handling the new situations and problems that have cropped up; and will be able to distinguish the following from each other: 1) Policies that should be implemented in the course of reform and opening to the outside world; 2) undesirable phenomena that should be overcome by deepening reform, improving rules and regulations, and actively creating the needed favorable conditions; 3) temporary and local problems resulting from the lack of experience or mistakes in work; and 4) acts that violate law and discipline and that should be severely dealt with because they harm the interests of the state and the people. This kind of analysis should enable the broad masses of workers to better understand reform, bolster their confidence in victory, consciously work to improve economic environment, overcome economic disorder and deepen reform, and contribute their share to gradually establishing a new order in the socialist commodity economy.

Comrades, in the past 10 years, the Chinese trade union has held its 9th and the 10th national congresses, which laid down correct lines, principles, and tasks for the workers movement and the work of trade unions in China. Serving as a bridge linking our party to the workers and as important social and political organizations in China, the All-China Federation of Trade Unions and trade union organizations at all levels have played an important role and made tremendous achievements in uniting the broad masses of workers to carry out reform, open to the outside world, promote the development of socialist material and spiritual civilizations, and ensure China's economic prosperity and social stability. For all this, the party Central Committee, the State Council, and the people throughout the nation give you high praise and their heartfelt thanks.

In deepening the reform in all fields, it is necessary to rely on and give full play to the workers' enthusiasm, initiative, and creativity, and to implement the provisions in the "Enterprise Law" concerning the workers' participation in democratic management. The working class is the leading class in China, and it is a powerful force for propelling social development and progress. Our enterprises are socialist enterprises which, in a rational manner, reflect the party's principles and policies and the state's legal system, and integrate the overall interests of the state with the concrete interests of enterprises, the interests of enterprise directors with those of workers, and immediate interests with long-range interests. Each enterprise represents an integrated body of interests. Without giving full play to the enthusiasm of directors, professional and technical personnel, and workers, it is impossible to successfully run the enterprises. Under the old system, enterprises were devoid of decisionmaking powers, and the rights and interests of workers could not be realized in a true sense. In recent years, we have reformed the structure and system and adopted policy measures to expand the decisionmaking powers of enterprises, build up their powers in administrative management, and implement

the principle of to each according to work. All of these have paved the way for the masses of workers to become their own masters. However, it is necessary to point out that after the separation of managerial powers from ownership of enterprises, we should not only stress the managerial authority of directors, but also attach importance to the democratic management and political integrity of the workers. It is impossible for directors to exercise their authority without giving play to the enthusiasm of laborers, while it is impossible to realize the material interests of workers without their democratic rights. The success or failure of an enterprise hinges upon the joint efforts by all its workers and staff members, including the director. In deepening the reform of enterprises in all fields, it is necessary to grasp and reflect upon the following principles: All workers and staff members should, without exception, obey the authority of enterprise administration; all enterprise leaders should, without exception, respect the democratic rights of workers and staff members and accept their criticism and supervision; and leaders, professional and technical personnel, and ordinary workers and staff members should, with a sense of responsibility of being their own masters, show concern for the future of enterprises and the destiny of the country. These principles should be applied to enterprises as well as other units. The party Central Committee is convinced that the Chinese workers will surely bring into play the glorious tradition of high awareness and strong discipline and the pioneering spirit of our times, and continue to improve themselves in order to dedicate their enthusiasm, wisdom, and creativity to invigorating the nation and promoting social progress.

Under the socialist system, workers and staff members have their own concrete interests as a collective, and at the same time, they share common interests with other members of society, which are the overall interests of the nation. In the past, the trade unions' function of safeguarding the workers' concrete interests were neglected, and this hampered their development. We should learn from both positive and negative lessons of the workers' movement, and while upholding the overall national interests in carrying out the central task of economic construction in accordance with the guidelines of the 13th CPC National Congress, try to represent and safeguard workers' interests, a basic guiding principle for the workers' movement and the work of trade unions in China, thereby enabling the trade unions to more effectively exercise their social functions.

The trade unions should be run in a popular and democratic manner, and a tendency to run them like government organizations should be overcome and prevented. It is necessary to make their work more open and organize their activities according the aspirations of their members. It is also necessary to introduce competition into their system of electing leaders, and stop the practices of appointing and wilfully transferring trade union cadres to some localities.

The grass-roots work is closely linked with the work, everyday life, and study of the masses of workers. The realization of the overall interests of the people across the country as well as the concrete interests of workers ultimately depends upon the economic efficiency of enterprises, which are the direct producers and dealers of commodities. Only by focusing their work on the grass roots and on enterprises and by doing a good job in the grass-roots trade unions can trade unions really become trustworthy organizations of the masses of workers. Trade union leaders at all levels must gear to the needs of the grass roots and immerse themselves among the masses in order to listen to and reflect their demands, help them improve their ideological and ethical standards and enrich scientific and general knowledge, solve practical problems, and serve them earnestly. In particular, grass-roots trade unions should maintain close contacts with the masses, perfect the democratic system, and play an active role in handling contradictions within each unit, thereby becoming an important pillar for safeguarding social stability and unity.

In China, the vital interests of a trade union and government are identical. This is the premise for handling the relationship between the trade union and the government. Trade unions should safeguard the government's authority, teach the workers to abide by the state laws and statutes, and support the work of the government like a strong pillar. The government should respect and protect the lawful rights and interests of trade unions, increase their democratic participation in and social supervision over state affairs, and improve the system of consultations and dialogue with trade unions. Governments at all levels and their relevant departments should invite trade union representatives to take part in the discussions of important issues concerning the workers' vital interests. In recent years, some policy measures involving the interests of workers were jointly published by government departments and trade unions. This is a good practice and should be continued for a long time to come.

The Chinese trade union is a mass organization of the working class led by the CPC. This nature determines that the trade union should neither be divorced from the party's line, principles, and policies, nor be equated to a department subordinated to the party committee. The party exercises political leadership over trade unions, that is, the leadership in political principles and direction, and recommends principal leaders of the national and local trade union councils. Party committees should regard the work related to trade unions as an important item on the agenda and seriously study major issues in the work regarding trade unions. It is necessary to straighten out relations between the party and trade unions so that they can independently carry out their work under party leadership in a true sense and in accordance with the laws and provisions of the trade union constitution. Trade union members who are Communist Party members should efficiently perform their work and set good examples in convincing, mobilizing, and encouraging the large numbers of fellow trade union

members to understand and support the party's principles and policies so that the party's proposals can be implemented by the masses of workers through trade union resolutions.

Comrades! China's reform and construction are at a critical period, and the Chinese working class shoulder a glorious and yet arduous historical mission. The party Central Committee hopes that, under party leadership, trade union organizations in China will actively and prudently promote the reform of trade unions, try to represent and unite the masses of workers, and contribute more to deepening the reform in all fields and carrying out the socialist modernization drive.

Ni Zhifu Gives Progress Report
*OW2210204188 Beijing XINHUA in English
1507 GMT 22 Oct 88*

[Text] Beijing, October 22 (XINHUA)—China's trade unions should develop into independent, democratic and reliable mass organizations of the working class under the leadership of the Communist Party, and play the role of social and political institutions in national and social life.

Ni Zhifu, president of the All-China Federation of Trade Unions (AFCTU), said this at the opening ceremony of the 11th AFCTU Congress, which opened here today.

Ni said that the trade unions had in the past found themselves divorced from the masses to a certain extent. "This situation must be changed," he stressed.

He pointed out that in the primary stage of socialism trade unions should safeguard the legal interests and democratic rights of the masses, attract the masses to take part in the reform, help fulfill the tasks of social and economic development, and participate in the running of the state and social affairs.

Ni emphasized that the relationship between the trade unions and the party and government should be readjusted, and the trade unions must be able to implement their duties independently, according to law.

Ni said the trade unions' rights and duties of democratic participation and social control should be defined by legislation.

He said the national, professional and local trade unions have the right to take part in concerned meetings and functions of government when policies on working hours, wages, prices and living standards are planned, and the opinions of the trade unions are to be taken into account.

Ni said the trade unions have the right to negotiate or hold talks equally with the government in the name of the masses when issues concerning enterprise development are discussed. Also, no organization or individual has the right to abolish a trade union or merge it with another organization.

Discusses Price, Wage Reform
*OW2210202288 Beijing XINHUA in English
1532 GMT 22 Oct 88*

[Text] Beijing, October 22 (XINHUA)—China's reforms of prices and wages must take the workers' economic and psychological "endurance" into consideration, Ni Zifu, head on the All-China Federation of Trade Unions, said today.

Addressing the 11th National Congress of China's Trade Unions, Ni suggested that a rational and feasible price compensation system be set up. "The problem of low incomes among scientists, teachers, artists, medical workers, as well as government workers is going to be solved gradually.

"Trade unions will participate in the making of various laws related to the interests of workers, such as laws covering minimum wages, working hours, employment protection, social welfare, and unemployment benefit," he said.

Ni suggested the setting up of labor arbitration courts to hear labor disputes.

Ni said that reforms of social welfare should be carried out taking into consideration general improved production and living standards. "Workers' retirement pensions, medical care, compensation for injuries and death and maternity leave must be considered in the reform."

He suggested the state work out a policy encouraging workers to set up a fund for housing construction to solve the severe shortage of housing in China.

When workers' legal rights are harmed, Ni said that trade unions must give open support to workers' struggle to defend their legal interests.

However, Ni said, when workers are making unrealistic and impossible demands, trade unions should act to dissuade them from making such demands to maintain the unity and stability of society.

Editorial Hails Opening
*HK2210081188 Beijing RENMIN RIBAO in Chinese
22 Oct 88 p 1*

[Editorial: "Speed Up the Pace of Trade Union Reforms—Warmly Hailing the Opening of the 11th National Trade Union Congress"]

[Text] The 11th National Trade Union Congress, which is of concern to staff and workers of all nationalities, solemnly opens in the capital today. We warmly hail the opening of the congress.

China's trade unions are the most extensive mass organizations of the working class, under CPC leadership. During 10 years of reforms, the trade unions have done a great deal of work in uniting and mobilizing the staff and workers to plunge into reforms, and in stimulating the building of the two socialist civilizations. They have also scored gratifying achievements in democratic participation and social supervision. However, for historical and social reasons, trade unions have not yet fully played their proper social role, and there is a considerable gap between their performance in this respect and the demands and expectations of the staff and workers. Speeding up the pace of trade union reform and creating a new situation in trade union work has become the strong cry of staff and workers throughout the country,

For a long time, under the leadership system in which there was over-centralization of powers, the trade unions were actually regarded as being a work department of the party or an appendage to the administration and they had a rather pronounced tinge of being "officially run" and a tendency to turn into administrative organs, thus becoming divorced from the masses to a considerable degree. Although this state of affairs is now changing as reforms deepen, there are sometimes demands that the trade unions should take their orders from the factory managers, and even instances where the party or government arbitrarily reorganizes and abolishes trade unions. This shows that, for the trade unions to become independent and fully democratic mass working-class organizations trusted by the staff and workers and to become social and political bodies playing an important role in the state and in social life, it is first necessary to handle the relations between the trade unions and the party and government well.

The documents of the 13th National CPC Congress explicitly stated that in the future the party will exercise political leadership over the trade unions, that is, leadership in political principles, political orientation, and major policy decisions, and will recommend the principal leaders to the national and local trade unions. The party will not monopolize or interfere in the day-to-day affairs of the trade unions. Organizationally, the trade unions should persistently exercise their social functions in accordance with the law and the constitution, and should also be skilled in turning the party's guidelines and policies into trade union resolutions and the will of the worker masses, in accordance with the unions' democratic procedures.

In their relations with the government, the trade unions should mainly play their role in democratic participation and social supervision in the process of the government's exercise of administrative powers over the country. The trade unions should uphold the unity of the state decrees and mobilize the staff and workers to achieve the tasks proposed by the government. The government should respect the status and rights of the trade unions as stipulated by law, and support the trade unions in upholding the legitimate rights of the staff and workers

in accordance with law. The government should report to the trade unions on major events, and hold dialogues with the trade unions on important policies that involve the interests of the staff and workers, to enable the unions to truly become a close cooperator and a social pillar of the government.

While smoothing the relations between the trade unions and the party and government, the key to the internal reforms of the trade unions lies in boosting their own vitality. The trade unions at all levels should keep close ties with the masses, be bold in representing and upholding the legitimate rights of the staff and workers, and take a firm and clear-cut stand in waging a resolute struggle against all phenomena that damage those legitimate rights.

Historically, China's trade unions were regarded as making the political mistakes of "economism" and "syndicalism" when they represented and upheld the legitimate rights of the staff and workers, and were erroneously criticized for this on many occasions. The CPC Central Committee corrected this mistake after the 3d Plenary Session of the 11th CPC Central Committee. However, in practical life, the trade unions continue to encounter obstructions when speaking up for the workers. In the view of certain comrades undertaking party and government leadership work, the moment the trade unions are reported to be wanting to uphold the legitimate rights of the staff and workers, they are "putting on a rival show" to the party committee or the administration. Certain trade union cadres who also harbor lingering fears and are afraid of being re-labelled with "economism" and "syndicalism" have developed the mentality of "being responsible to the party is an insurance, being responsible to the masses is dangerous," and thus dare not speak up for the workers or else want to speak for them but are afraid of suffering for it.

We should understand that the right of the trade unions to speak for the workers is a right given them by the staff and worker masses. By organizing trade unions, the staff and worker masses demand that the unions be able to represent their interests. If our trade unions pay no attention or heed when they see phenomena that damage the interests of the staff and workers, the relations between the workers and the trade unions will become distant. How can a trade union that cannot gain the trust of the staff and workers unite and mobilize them to work hard to invigorate China and achieve the four modernizations?

Frankly, our party and government represent the interests of the working class. However the party and state proceed from the overall situation in formulating guidelines and policies and coordinating the interests of all sectors. And the duty and responsibility of the trade unions is to promptly reflect the cries, demands, and desires of the staff and worker masses and to uphold their legitimate rights. We must certainly not think that we do not need the trade unions to represent and uphold the interests of the staff and workers because the party

and state represent the interests of the working class. During the current period of changing from the old system to the new, strengthening the functions of the trade unions in representing and upholding the legitimate rights of the staff and workers is beneficial to the state's cause of reform and construction and also to social stability and unity.

Of course, in speaking up and acting for the workers, the trade unions too must have the concept of the overall situation and uphold the principle of seeking truth from facts. They must insist on integrating upholding the overall interests of the people of the whole country with upholding the specific interests of the staff and workers; they must do more ideological work to deal with certain unreasonable demands from the staff and workers, and persuade them to abandon certain excessively high and impatient demands. At present, it is essential to seriously implement the spirit of the 3d Plenary Session of the 11th CPC Central Committee. China's reforms have entered an important period of improving the economic environment, rectifying the economic order, and comprehensively deepening the reforms. The understanding and support of the staff and workers is extremely important for making a smooth traverse of this pass. Through their own work and influence, the trade unions should teach the staff and workers to correctly understand the situation, increase their psychological endurance of the reforms, carry forward the glorious tradition and revolutionary spirit of waging arduous struggle, bearing the overall situation in mind, working hard, and observing strict discipline, and work in concert to win still greater victories in the comprehensive deepening of reforms.

Newspapers Note Congress
OW2210191088 Beijing XINHUA in English
0814 GMT 22 Oct 88

[Excerpt] Beijing, October 22 (XINHUA)—Major newspapers in Beijing carried editorials today marking the opening of the 11th National Congress of China's Trade Unions. [passage omitted]

In its editorial, "WORKERS' DAILY" called on workers to take an active part in the ongoing reforms in enterprises, saying "workers are the master of enterprises and the main force to strengthen reforms. They should plunge themselves into restructuring enterprise managerial systems, and make their due contributions to the nation's prosperity by strict working discipline and excellent performance."

Referring to the reform of trade union organizations, the "ECONOMIC DAILY" said the trade unions should adapt to the market economy and be capable of handling conflicts of interests, especially in the process of price and wage reforms. "They should play an important role in the construction of socialist democracy as well," the paper added.

China now has 380,000 trade unions with 540,000 organizations under them, and a total membership of 100 million, accounting for almost 90 percent of the country's total workers.

Role in Reforms Discussed
OW2110214488 Beijing XINHUA in English
1514 GMT 21 Oct 88

[Text] Beijing, October 21 (XINHUA)—Reforms and opening to the outside world have boosted the development of the Chinese economy, but also have triggered various labor disputes in enterprises.

An official of a local trade union complained that he has to make more efforts to handle his daily work than before the reforms, but he admitted with a happy smile that his trade union is playing a more and more important role in mediating labor disputes and enterprise management.

With the development of economic construction, the total population of workers has increased from 110 million in 1982 to 130 million in 1987 throughout the country.

As the reforms are carried out and the competition system has been introduced into the enterprises, disputes about employment, payment, labor protection, welfare, vocational training, rewards and fines inevitably take place between workers and enterprise managers.

In this case, the number of trade unions also has increased from 433,000 in 1982 to 536,000 in 1987. They are supposed to take the responsibility to safeguard workers' rights and interests.

A senior official of the All-China Federation of Trade Unions (ACFTU) told XINHUA that these local trade unions play very active roles in protecting workers' rights and interests by settling labor disputes. And most of them have set up the system of workers' congresses to guarantee workers to participate in the management of their enterprises.

Now in many enterprises, committees for mediating labour disputes have been established, which comprise the representatives from trade unions, workers and administrators.

Wang Wenzan, president of the Guangzhou Federation of Trade Unions, told XINHUA that a strike took place in a taxi company early this year, but was ended soon after a successful mediation by the trade union in the company between the workers and the manager.

Through this incident, Wang said, the trade unions won public trust.

According to a statistic by the ACFTU, in China more than 364,000 enterprises have established the system of workers' congress, through which the representatives of workers removed more than 160,000 incompetent enterprise leaders from their offices last year.

Now many local governments have made regulations to guarantee the representatives of workers participation in the management of their enterprises.

Namelist of Leaders Released
*OW2310143088 Beijing XINHUA Domestic Service
in Chinese 1529 GMT 21 Oct 88*

[Text] Beijing, 21 Oct (XINHUA)—Namelist of secretay general and deputy secretaries general of the 11th National Congress of China's Trade Unions

Secretary General: Chen Bingquan

Deputy Secretaries General: Zheng Wantong [6774 8001 6639], Fang Jiade, Li Rongguang, Zhang Fuyou, Yu Qinghe, Chang Jie, Guo Ji, Wen Junru [3306 0193 1172], and Yang Dengyan [2799 4098 1750].

Presidium Namelist
*OW2310144988 Beijing XINHUA Domestic Service
in Chinese 1530 GMT 21 Oct 88*

[Text] Beijing, 21 Oct (XINHUA)—Namelist of executive chairmen of the presidium of the 11th National Congress of China's Trade Unions:

Ni Zhifu, Gu Dachun, Huang Minwei, Luo Gan, Wan Shaofen (female), Wang Chongjun, Zhang Ruiying (female), Wang Jiachong, Jiang Yi, Zheng Wantong [6774 8001 6639], Fang Jiade, Li Rongguang, Wang Xun, Zhang Fuyou, Li Xueying (female), and Yu Qinghe.

State Circular Curbs Nonessential Projects
*OW2210004688 Beijing XINHUA Domestic Service
in Chinese 1409 GMT 20 Oct 88*

[Text] Beijing, 20 Oct (XINHUA)—The State Council issued a circular on 12 October about conducting a thorough check of office buildings, auditoriums, and guest houses. The circular calls on the various localities and departments to follow the example of the State Council's Xingcheng and Beidaihe inspection group; carry out an overall and thorough inspection by stages and in groups of all such buildings, either under construction or planned; and take effective measures to curb the current fad of erecting office buildings, auditoriums, and guest houses.

The circular introduced the work of the Beidaihe and Xingcheng inspection group. After a thorough check of 56 projects, with a total floor space of 342,000 square meters, under construction, the group decided to stop, postpone, or partially suspend construction of 39 projects and 12 single units, with a total floor space of

299000 square meters, or 61 percent of the projects inspected. Under the decision, 22 projects, involving a total floor space of 106,000 square meters, have been either stopped or postponed, and construction of 17 others, as well as 12 single units, involving 103,000 square meters of floor space, has partially stopped or been suspended. But construction of 17 projects, involving 133,000 square meters of floor space, or 38.9 percent of the total projects, has been allowed to continue, because they were already over 70 percent complete during the inspection, have secured reliable funding by proper means, and were covered by state plans.

The circular stresses that the various localities and departments must realize the importance of checking office buildings, auditoriums, and guest houses, and do this well. The inspection emphasis will be on projects currently under construction, as well as a resolve to stop a number of projects and postpone a number of others, thereby effectively curbing the fad of erecting office buildings, auditoriums, and guest houses.

The circular stipulates:

All commercial and noncommercial office buildings, auditoriums, and guest houses currently under construction falling into the categories listed in the State Council-issued "Provisional Regulation Governing the Construction of Office Building, Auditoriums, and Guest Houses," will be checked. All unauthorized construction projects, as well as those not included in the unit or local capital construction plans, will be suspended. In principle, projects covered by construction plans which are over 50 percent complete, as well as single items over 70 percent complete, will be permitted to continue. Otherwise, they will be suspended or postponed. Construction will be stopped on single units which have not yet been started, even though they are included in projects under construction.

The circular points out that the various localities and departments must do an honest job of inspection and handle the job according to regulations. Projects which have been deliberately withheld from the inspection, or have not been thoroughly checked in accordance with the relevant regulations, will be confiscated. The confiscation will be supervised by the supervision and auditing departments. Leaders and responsible persons in the construction unit and department in charge of the project will be strictly dealt with according to the "Provisional Regulation Governing the Construction of Office Buildings, Auditoriums, and Guest Houses."

The check of such buildings will be under the unified leadership and planning of the leading groups responsible for checking fixed asset investment projects in fixed assets of both the State Council and the various localities.

The circular also sets the following requirement: Cities in the first group will complete their checks by 10 November, and cities in the second group by the end of

November. The various localities, areas, and departments must promptly report check results to the office of the leading group of the State Council responsible for checking fixed asset investment projects.

State Council Adopts Auditing, Land Regulations
OW2110201188 Beijing XINHUA in English
1507 GMT 21 Oct 88

[Text] Beijing, October 21 (XINHUA)—Draft auditing regulations and draft provisions on land rehabilitation were adopted in principle at an executive meeting of the State Council here today.

The two documents will be published for implementation following revisions.

State Enterprise Management Committee Formed
OW2210001588 Beijing XINHUA Domestic Service
in Chinese 1214 GMT 20 Oct 88

[Text] Beijing, 20 Oct (XINHUA)—The State Council recently decided to establish a Guidance Committee for Enterprise Management to take charge of coordinating the implementation of the "Law of the People's Republic of China on Publicly-Owned Industrial Enterprises," conducting research on major questions regarding enterprise reform and management, guiding enterprises in changing and perfecting their operation mechanisms, and improving enterprise management.

Zhang Yanning, vice minister of the State Commission for Restructuring the Economic System, is appointed chairman the Guidance Committee for Enterprise Management; Ye Qing, Liu Zhongli, Cheng Lianchang, and Li Boyong are vice chairmen; and An Zhiwen, Lu Dong, and Yuan Baohua are advisors.

Finance Ministry Launches Yearly Inspections
HK2210045088 Beijing CHINA DAILY in English
22 Oct 88 p 1

[By staff reporter Dai Beihua]

[Text] China has begun this year's inspections on finance, taxation and prices in order to increase state revenues, cut deficits, reduce demands for goods and curb inflation.

The inspection, the most important in the last six years, is a major drive to stabilize the economic situation. This is especially so in the fields of rising prices, and currency issuance, said Liu Biao, head of the inspection team of the Ministry of Finance.

October's inspection concentrates on rising prices. Because of panic buying in August this year, prices soared. Although the panic has subsided, illegal price increases still occur, Liu told CHINA DAILY.

The State Council has organized 27 inspection teams headed by 23 ministers and 35 bureau heads. They will leave the capital on Sunday to lead the drive in the provinces.

The inspections target big state-run enterprises and corporations. They will be looking for violations in the economic relations between the State and enterprises and companies. Officials said a number of them have seized part of the revenues due the state for themselves. There have been cases of tax evasion, false figures on production costs and unreasonable demands for state subsidies.

In the fields of commodity exchange and currency circulation, some companies have violated rules and have raised prices to gain illegal profits. Profits from illegal prices increases will have to be handed to the state.

In addition, the inspections will be looking for violations in enterprises and company purchases, especially for electrical goods, including televisions, video recorders and refrigerators. The state has tried to control the purchases of these goods by institutions, but some of them still have bought the appliances, causing trouble in the market and creating a shortage for individuals.

Attention [subhead]

The inspection also will search for unwarranted cash bonuses. Bonuses this year topped 46 percent, but production increased by only 17 percent.

Last week, about 300 inspectors began examining 40 state-run companies in Beijing. They found that some companies have not paid much attention to the inspection, although most of them were cooperative.

Liu said that a couple of weeks before the inspection, the Ministry of Finance told the companies to inspect themselves on finance, taxation and prices. But some companies did nothing.

According to the circular the ministry issued to the companies, the violators will be severely punished if the inspectors find the violations. But if the companies uncover the violations themselves, they will be required only to pay back the part they illegally gained.

Some Companies 'Resist' Inspection
OW2210224988 Beijing XINHUA Domestic Service
in Chinese 1131 GMT 20 Oct 88

[Text] Beijing, 20 Oct (XINHUA)—According to the State Council Office for Nationwide Taxation, Fiscal, and Price Inspection, to implement the guidelines set forth in the "State Council Circular on Launching the 1988 Nationwide Taxation, Fiscal, and Price Inspection," and to coordinate the operation of liquidating and screening companies, the office and the Ministry of Finance and the State Administration of Commodity

Prices will form a joint inspection group composed of 300 auditors and price controllers chosen from various parts of the country to inspect the taxation, fiscal affairs, and commodity prices of 100 Beijing companies that have connections with central departments.

The first group of auditors and price controllers, totalling 177 people, have started their inspection at 40 companies in Beijing since 17 October. The competent departments of these companies have pledged their all-out and active support for the inspection, saying that they will firmly handle whatever problems that have been exposed by ordering their companies to turn over to the state whatever should belong to it and accept whatever punishment they deserve, and that they will never try to protect these companies.

According to the inspection group, while most of the 40 companies have been able to approach the inspection correctly and coordinate the work of the inspection group seriously, some companies pay little attention to the inspection, make little efforts to coordinate the work, and even resist the inspection. Such being the case, the State Council Office for Nationwide Taxation, Fiscal, and Price Inspection stresses that, during the inspection, all companies and enterprises with connections with central departments must earnestly make self-inspection and set an example for other companies and enterprises in the country. If they fail to take the initiative to correct their misconducts, they will be strictly handled once they have been discovered by the inspection group.

Meeting Held on Curbing Institutional Purchasing
*OW2410004188 Beijing XINHUA Domestic Service
in Chinese 1624 GMT 19 Oct 88*

[By reporter Wang Jianming]

[Text] Beijing, 19 Oct (XINHUA)—Chi Haibin, vice minister of finance, stressed today that firm efforts should be made to fulfill the task stipulated by the State Council to control the purchasing power of government institutions and public organizations during this and subsequent years, and that no locality or department should act "flexibly" in this regard.

Speaking at this evening's telephone conference sponsored by the National Leading Group for Control of Purchasing Power of Government Institutions and Public Organizations, Chi Haibin said: At present, many comrades lack a correct understanding of the importance of controlling the purchasing power of government institutions and public organizations, but counterpose it to opening to the outside world, economic invigoration, and development of the commodity economy. Because of this, they are indulging in extravagance, competing with one another for ostentatious display, and arbitrarily seeking "modernization" instead of proceeding from reality. This kind of understanding is lopsided, said Chi Haibin. He pointed out: Whether we are invigorating the

economy, decentralizing power, or developing the commodity economy, we cannot break with the macro regulation and control exercised by the state. Instead, the more we do to invigorate our economy and decentralize our power, the more we need to strengthen the state's macro regulation and control. In addition, the principle of diligence and frugality should be adhered to at all times. At no time should we permit the practice of extravagance and waste.

Under the present circumstances, Chi Haibin said, it is imperative to view the task of controlling the purchasing power of government institutions and public organizations as an important measure for improving the economic environment, rectifying the economic order, and deepening the reforms in an all-around way. He pointed out: Production of consumer goods has developed remarkably in our country, but still it cannot satisfy the people's ever-increasing demands. The people's purchasing power that cannot be used has grown several ten billion yuan each year. This has already put an enormous pressure on the market. In view of this, controlling the purchasing power of government institutions and public organizations to avoid their vying with the people in making panic purchases will play an especially important role in easing the contradiction between supply and demand and in stabilizing commodity prices on the market.

Chi Haibin pointed out at the conference that the purchasing power of government institutions and public organizations has continued to expand despite repeated instructions to ban such expansion. After analyzing this problem, he said: Apart from such factors as the development of various undertakings, the rising commodity prices, and the influence of the unhealthy trend in society, the chief cause for the problem is that the work of control and management has not been done well. There is no clear-cut responsibility system in this regard, nor is the limit set for the purchase strictly enforced. At the same time, there are neither effective control measures nor established rules for punishing those units that have made purchase beyond the controlled limit.

In view of this, Chi Haibin stressed at the conference that restriction through strict discipline is necessary in order to ensure the fulfillment of the task of controlling the purchasing power during this and subsequent years. He announced at the conference: A system of holding the leader responsible will be put into effect this year in controlling the purchase power of government institutions and public organizations. If a unit has made purchases beyond the controlled limit, the administrative leader concerned should be held responsible in addition to the imposition on the unit of a fine of not more than 50 percent of the amount of the extra purchases. Meanwhile, Chi Haibin urged all localities and departments to carry out to the letter the penalty rules that the State Council has established in this regard. They should not act "flexibly;" still less should they cherish the idea that "while you at the higher level have your policies, we at the lower level have tactics to counter the policies."

At the conference, pertinent leaders of the Ministry of Commerce and Jiangxi, Shandong, and Hunan Provinces introduced their measures and methods for controlling the purchasing power of government institutions and public organizations.

Today's conference was presided over by Wang Bingqian, state councillor and minister of finance.

Letter Appeals to Deng Xiaoping To Quit Smoking
HK2210051388 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 0706 GMT, 21 Oct

[Article by Yi Lan (0122 5663): "If Only Deng Xiaoping Would Take the Lead in Quitting Smoking"]

[Text] Hong Kong, 21 Oct (ZHONGGUO TONGXUN SHE)—A recent issue of the Beijing-based "WEISHENG BAO" ["HYGIENE"] carried a reader's letter, in which the author appealed to Chairman Deng Xiaoping of the Military Commission of the Central Committee to "take the lead in quitting smoking." This appeal was made by an armed policeman, a certain Zhang Jianxin [1728 1696 2450] from Xinjiang. This brief letter in around 400 characters pointed out that Mr Deng Xiaoping's habit, always smoking in public, has become a pretext for some mainland smokers to refuse to quit smoking. We believe that his appeal voices the opinion of some of the non-smokers on the mainland.

The 29 September issue of "JIANKANG BAO" ["HEALTH"] also carried this brief letter in an eyecatching position. This unusual action has revealed that some changes are underway in the mainland media, which has never said anything about the personal habits of state leaders before.

China annually turns out some 40 billion packs of cigarettes, with an output value of approximately 30 billion yuan. There are 250 million smokers on the mainland; 32,000 fires broke out in 1987 alone, and smokers' carelessness accounted for more than half of them. These figures top world records. Taking into account the several million mu of land planted with tobacco, the rising number in the cases of lung cancer, and the increase in the number of passive smokers, malpractices will be all the more obvious. If there are any advantages to speak of, they are the taxes and profits in terms of hundreds of million yuan handed over to state finance (it is estimated that the sum will exceed 17 billion yuan in 1988.) Weighing the advantages and disadvantages, we find that the disadvantages have obviously outstripped the advantages.

It is regrettable that the voices of nonsmokers are seldom heeded. In the open letter of that armed policeman, a question with profundity was posed: "If someone opposes quitting smoking on the grounds that Chairman Deng always smokes in public, can any one provide a satisfactory explanation?"

In conclusion, this armed policeman said, for the health of Deng himself, and the improvement in the health of the Chinese nation, and to finally eliminate the injuries of smoking, it is hoped that Deng Xiaoping will take the lead in quitting smoking.

If only Deng Xiaoping would listen to the voice of the public and think of his exemplary role. We also hope that the mainland's media will reflect more public opinion.

He Qili, Rui Xingwen Attend Propaganda Meeting
OW2210200288 Beijing XINHUA Domestic Service in Chinese 1129 GMT 19 Oct 88

[By reporter Sun Benyao]

[Text] Beijing, 19 Oct (XINHUA)—A national meeting of heads of propaganda departments closed in Beijing today. The meeting discussed and arranged the work of conducting an extensive and in-depth education about the current situation among the people in urban and rural areas throughout the country. The purpose of this education is to unify the thinking and action of all people in the country from the top down so that they may make concerted efforts with one mind to fulfill the tasks set forth at the 3d Plenary Session of the 13th CPC Central Committee.

Hu Qili, member of the Standing Committee of the Political Bureau of the CPC Central Committee, and Rui Xingwen, member of the Secretariat of the CPC Central Committee, attended the meeting and listened to opinions on how to conduct the education about the current situation and make a success of the propaganda work. Speaking at the meeting, Hu Qili said that the 3d Plenary Session of the 13th CPC Central Committee was a very important meeting, and the policy decisions made at that meeting conform to the reality and enjoy popular support by the masses of people. He urged the party committees at all levels to earnestly strengthen their leadership over the education about the current situation and, through this education, draw the vast numbers of cadres and masses into the work of improving the economic environment, rectifying the economic order, and deepening the reforms in an all-around way. Rui Xingwen stressed the need to help people gain a correct understanding of the essence of the guidelines set by the third plenary session, to properly deal with the relationship between improving the economic environment and rectifying the economic order on the one hand and deepening the reforms on the other, and to enhance people's confidence in overcoming difficulties and doing a successful job of reform and construction. Both called for stepping up the propaganda on the socialist spiritual civilization, carrying forward our political strong points, and strengthening the ideological and political work. In conducting the education about the current situation and doing propaganda work, they said, it is necessary to pay attention to practical results and to stress that the proper methods are applied.

At this 4-day meeting sponsored by the Propaganda Department of the CPC Central Committee, heads of the Propaganda Departments and responsible persons of the units concerned under the party committees of various provinces, autonomous regions, municipalities, and cities with independent economic decisionmaking authority and under the work committee of party Central Committee organs, the work committee of central government organs, and the PLA General Political Department carried out animated and earnest discussions centering around how to conduct extensive and in-depth education about the current situation. Wang Renzhi, head of the Propaganda Department of the CPC Central Committee, and Wang Weicheng and Li Yan, deputy heads of this department, all made speeches at the meeting.

According to opinions expressed at the meeting, the central authorities' decision to conduct nationwide education about the current situation in both urban and rural areas after the 3d Plenary Session of the 13th CPC Central Committee is extremely necessary and timely. The main theme of this education should be the study and implementation of the guidelines set at the 3d Plenary Session of the 13th CPC Central Committee in an effort to turn it into the common understanding and positive action of the cadres and masses nationwide to improve the economic environment, rectify the economic order, and deepen the reforms in an all-around way.

The meeting stressed: In conducting the education about the current situation, it is necessary to persist in seeking truth from facts. As a result of reform over the past 10 years, we have made great achievements in socialist modernization; yet at present there are still considerable difficulties and problems on the road ahead. We should do sufficient propaganda work based on facts to make our cadres and masses aware of our achievements, explain to them thoroughly the difficulties we are facing, tell them clearly the methods to be applied, and let them know well the prospects ahead. We should strive to unify the understanding held by people both inside and outside the party on the basis of the correct and scientific viewpoint and method that we use to analyze, judge, and observe questions, and we should increase their confidence and courage to overcome difficulties so that they will all act with one mind to fulfill the tasks set forth by the party Central Committee.

The comrades at the meeting held that the education about the current situation is a more profound form of the education about the party's basic line. This education should be carried out in conjunction with the education about ideals, morality, and discipline. It is necessary to rely on the political advantage of the party leadership to strengthen and improve the ideological and political work and to bring into full play the role of the spiritual force and morality in inspiring and uniting the people. We should use such methods as positive education, democratic dialogues, diverse forms of self-education among the masses as well as extensive guidance and exchange of opinions to increase the effectiveness of the

education about the current situation in solving specific problems. In addition, we should gear up and improve the propaganda work on the current situation through newspapers, periodicals, radio broadcasts, and television so as to properly guide public opinion in society. In doing this, we should keep to dialectics and guard against lopsidedness. At the same time, we should persist in the method of educating people in the course of improving the economic environment and rectifying the economic order, and use the concrete action of solving problems to add to the convincingness of the education about the current situation.

As decided at the meeting, the work for this winter and next spring is to conduct education about the current situation among party members, particularly leading cadres with party membership at and above the county level. At present, we should first grasp the education of party members and cadres working in party and government organs in cities and then spread the education to institutions of higher learning and big and medium enterprises. After that, the work is to conduct such education in rural areas and other units.

Yan Mingfu At CYL Central Committee Meeting
*OW2110223388 Beijing Domestic Service
in Mandarin 1030 GMT 19 Oct 88*

[From the "National Hookup" program]

[Text] Addressing the enlarged session of the Standing Committee of the CYL Central Committee, which came to a close today, Yan Mingfu, member of the Secretariat of the CPC Central Committee, said: It is the hope of the party Central Committee that all young people will carry forward their glorious traditions, take active part in the reform by doing honest work, and correctly approach the successes achieved in reform during the past 10 years.

He added: Young people should also be informed of the problems and difficulties of reform and urged to join hands with people throughout the country to combat them.

Yan Mingfu continued: The party Central Committee and the State Council have decided with the greatest resolve to clean up the economic environment. Young people should also be determined to combat economic disorder and corruption during the course of reform, and be fully aware that reform and opening up are the only way out for the nation.

The enlarged meeting of the CYL Central Committee, which opened on 15 October, adopted a resolution on implementing the guidelines set forth by the 3d Plenary Session of the 13th CPC Central Committee and giving fuller scope to the roles played by CYL organizations.

When the meeting was in session, Song Defu, first secretary of the CYL Central Committee, delivered a report entitled: The Current Situation and the Tasks That Confront Us.

Court Leader Stresses Action on Economic Crime
*HK2210005788 Taiyuan Shanxi Provincial Service
in Mandarin 2300 GMT 23 Oct 88*

[Text] According to the 22 October edition of RENMIN DAIBIAO BAO [PEOPLE'S DEPUTY JOURNAL], Supreme Court President Ren Jianxin, who is currently inspecting work in Shanxi, made a speech at a 19 October forum convened by the provincial People's Congress organs. He pointed out that it is essential to further strengthen the legal system in the course of improving the economic environment and rectifying the economic order.

He said: We must crack down hard on criminal elements who sabotage the economic order and social order. In doing so we must regard grasping major and important cases as the point of breakthrough and urban official profiteering as the focal point. He severely criticized phenomena such as lack of sufficient understanding of the harm done by official profiteering, and failure to properly investigate many cases of official profiteering or to bring them to court. He said that these phenomena must be corrected.

President Ren also stressed that it is essential to strengthen the party's political leadership over the courts and the people's congresses' legal supervision of the courts. The local people's congresses and their standing committees must support the people's courts at all levels in independently giving judgements according to law, in strictly enforcing the law, and in clearing away interference from local protectionism [bao hu zhu yi]. At the same time, they must strictly supervise the court cadres in keeping clean and honest. Court cadres who violate the law and act in dereliction of duty to a serious extent should be dismissed in accordance with the law.

Wang Tingdong, chairman of the provincial People's Congress Standing Committee, presided at the forum. Vice Chairmen Zhang Jianmin, Liu Yanqing, and Wei Yunyu, and provincial Higher People's Court President Zhao Yaoren attended the forum.

PLA Worried About Poor Quality of Some Officers
*HK2410102688 Hong Kong AFP in English
0928 GMT 24 Oct 88*

[Text] Beijing, Oct 24 (AFP)—Chinese Armed Forces leaders are alarmed at the poor quality of some officers and fear China may have difficulty defending itself if standards remain low, the People's Liberation Army newspaper said Monday.

"The quality of certain political and logistical officers is very worrisome," the official army daily said.

The newspaper, citing the results of an exam taken by officers of several unnamed military zones, said that one lieutenant-colonel did not know how to read a military map.

It said the officer, commander of a regimental division, was 11 kilometers (seven miles) off target when asked to mark a designated location on the map.

Another colonel was reportedly asked: "If parachute troops of a certain country were to land in China what would be the characteristics, average [as received] and quality of their arms?"

"I don't know," the red-faced colonel was quoted as saying after thinking long and hard.

"If you don't know your enemy, you are going to lose in battle," the general administering the exam was quoted as telling the colonel. "Return home and find the answer, and tomorrow we'll try it again."

The low quality of some army officers reflects the poor reputation that has plagued the Chinese Army, Western diplomats said here.

The People's Liberation Army "believed in a policy of the more the merrier," one diplomat said. "They have throughout favored quantity over quality."

Former Chinese leader Mao Zedong's military strategies, though effective, involved a disregard of human life, analysts said.

Over the last 10 years China has steadily cut the military budget in an attempt to streamline the cumbersome armed forces, observers noted.

"The Chinese Army wants to be taken for a real fighting force... which means a strict inspection of their ranks, especially officers," the diplomat said.

China reinstated a system of ranks within the military only three weeks ago and the exams cited by the PEOPLE'S ARMY DAILY were a further bid to inject credibility into a military organization that has often been scoffed at by foreign countries, the diplomat added.

According to the newspaper such exams will be given every six months.

Officers who do not meet the required standards by the end of one or two years may face a reduction in rank, it added.

Five New Military Laws To Debut Within 2 Years
*HK2210041588 Beijing CHINA DAILY in English
22 Oct 88 p 1*

[By staff reporter Gu Chengwen]

[Text] Five new laws will be introduced within the next two years to help China's Armed Forces "deal with urgent issues," said a senior military officer.

The new laws will cover defence mobilization, protection of military facilities and property, employment of demobilized or retired officers and organization of military courts and procuratorates.

Major-General Tu Men, chief of the legal administration under the Central Military Commission of Chinese Communist Party, told CHINA DAILY that 109 laws or regulations would be drawn up before the year 2000 to cover all aspect of defence and military work.

"China will then have a complete military legal system, and this will enable the armed forces to manage their own affairs," said Tu.

"But military legislation is a very complicated issue, and we must take things gradually," he added.

Tu noted that nearly all developed countries have detailed laws corresponding to each article in the Constitution that is related to defence and military affairs so as to guarantee the implementation of those articles. But China has only a few such laws while 18 articles in the Constitution are related to military or defence affairs.

Tu said this has caused many problems in the country's defence and military work."

He said a great deal of military property has been violated by civilians, including farmland and tunnels, because there is not yet a specific law to protect the military property and punish the guilty.

It is also important to find jobs for demobilized and retired service men, Tu said. He added that one demobilized officer in Henan province had committed suicide because he could not find a job.

The military management system—established in time of war—is out of date, said Tu.

The army has cut back by 1 million in recent years, but without a defence organization law, it may be forced to expand again some time in the future.

The military's legal administration is running a training course in Beijing for 59 high-level legal officers from across the country.

'Newsletter' Notes Mock Nuclear, Chemical Battle
*OW2310081288 Beijing XINHUA Domestic Service
in Chinese 1301 GMT 22 Oct 88*

[Newsletter by XINHUA reporter Xu Jingyao: "The Strong Military Might Under the 'Mushroom Cloud'—on a mock nuclear and chemical battle waged by the PLA Chemical Defense Corps"]

[Text] Beijing, 22 Oct (XINHUA)—The Chinese Armed Forces' preparedness against chemical warfare in a modern war has been tested in an exercise of the PLA chemical defense units. The exercise carried out in the autumn harvesting season came to an end today.

The biggest since the "Big Contest of Strength" in 1964, the military exercise took place in one northern China location, where the many persimmon plantations have painted all the hills with yellowish gold and the wheat fields are green and full of life. Under simulated nuclear and chemical weapons attacks, the chemical defense scouts, observation forces, cleanup forces, and chemical defense command officers coming from all military regions demonstrated that they are well trained, and that the Chinese chemical defense forces are capable of providing chemical defense during a nuclear or chemical war launched by any invader.

The exercise closely resembled an actual, highly difficult battle and ensured the combined Armed Forces' movements on a battlefield undergoing modern nuclear and chemical attack. After being strongly rebuffed by our Red Force's frontline troops, the invader—the Blue Force—appeared ready to use nuclear weapons against the Red Force. The Lanzhou Military Region chemical defense forces promptly dispatched their observation unit—known as the eyes and ears of the chemical defense forces—to confirm the information. Since China successfully exploded its first atomic bomb in 1964, this heroic unit has been splendidly monitoring all nuclear tests conducted in the sprawling, arid, inaccessible, and uninhabited Gobi Desert; and because of its meritorious service, Mao Zedong, Deng Xiaoping, and other leaders have granted it audiences. Now, with a completely new appearance after the institution of the new military rank system, it accepted another test of the motherland.

A "nuclear attack" was launched by the Blue Force. A huge simulated fire ball rolled and expanded in the far distance. In a split second it burst into a sea of fire and a purple and grayish cloud soared skyward like a huge mushroom. Using nuclear explosion observing equipment, all the Red Force's observation posts began to monitor and collect all data on the explosion and its appearance. Within minutes they delivered all the information to the command center, supplying the commander with first-hand information so that he could make defense decisions based on his judgement of the power and location of the explosion as well as how the device was detonated.

At this time the busiest unit was the chemical defense command post, known as the nerve center. There the commander of the Nanjing Military Region chemical defense units was in charge of carrying out missions assigned to the Red Force Headquarters. Showing on the screens were one tactical order after another. Based on the observed information as well as relevant weather information sent back from observations posts Numbers one, two, and three, the staff personnel skillfully operated their computers and promptly came up with the information about the explosion's equivalent and altitude and the degree of destruction in the target area. At the chief of staff's proposal to take immediate action to protect the units and people in downwind, contaminated areas, the commander ordered the dispatch of chemical

defense scouts and cleanup forces to carry out the mission. The fact that all commands were issued within 20 minutes shows that, should the enemy launch a nuclear attack in a future war, the well-trained PLA will be able to provide prompt and effective defense.

Ready to carry out their mission on the exercise site were neatly-formed rows of camouflaged decontamination scout vehicles and vehicles equipped with sprayers and showers. Major General Jiang Zhizeng, commander of the exercise, stated proudly: Today the Chinese Armed Forces' chemical defense equipment is basically complete [ji ben pei tao 1015 2609 6792 1152]. All the equipment is home made and quite modern. According to this senior commander, who took part in the 1964 contest among the PLA's chemical defense forces, the chemical defense scouts in those days had to shoulder their equipments and walk, and the obsolete equipment could only do simple work. Manual scouting has long been replaced by vehicles with nuclear radiation detection equipment. These vehicles can travel several dozens of kilometers per hour. As soon as they pass through a site affected by nuclear radiation, information about its radioactivity is immediately known, thus greatly improving efficiency and making scouts less susceptible to contamination. Presently the Chinese Armed Forces also can use various means to promptly detect all types of known chemical toxicants for military use. On the basis of the equipment available to them now, our Armed Forces can match the well equipped foreign counterparts so long as they intensify training, accumulate more experience, and further master technical equipment.

Following the firing of red and green signal flares, the showering and spraying vehicles braved the Blue Force's artillery blockade and speedily moved forward to the contaminated zones to clean up contaminated personnel, areas, and large weapons. Within 6 minutes or so, the Jinan Military Region chemical defense troops finished cleaning up all contaminated vehicles. Radiation detectors showed that all vehicles were cleaned according to standards.

The chemical defense forces' exercise conducted against the background of fighting a combined tactical warfare has improved their capability of providing chemical defense in time of war and providing emergency assistance in time of peace. The exercise also demonstrated that the Chinese chemical defense forces have become an indispensable part of all the modern services and arms of the PLA in fighting a combined battle.

Chi Haotian Visits, Exhorts Qinghai PLA 19 Oct
*HK2310011188 Xining Qinghai Provincial Service
in Mandarin 2300 GMT 22 Oct 88*

[Text] PLA Chief of Staff Colonel General Chi Haotian said on arrival in Xining on 19 October to visit the Qinghai Military District and the PLA units stationed in the province: The core task of improving the economic

environment and rectifying the economic order proposed by the 3d Plenary Session of the 13th CPC Central Committee is also a major affair for the whole army. He called on the leading cadres at all levels to take the lead in staying clean and honest and in waging arduous struggle, and thus set an example in maintaining a high degree of stability and centralization in the units.

He also said that the PLA units must not only do a good job in improving their own environment and rectifying their own order, but must also actively help the localities in this work, thus making new contributions to defending and building Qinghai.

Provincial Party Committee Secretary Yin Kesheng and Governor Song Ruixiang went to Military District headquarters to meet Colonel General Chi Haotian and Lanzhou Military Region Commander Lieutenant General Zhao Xianshun and Deputy Commander Lieutenant General Dong Zhanlin, who accompanied him to Xining.

Senior PLA Officer Sentenced for Corruption
*HK2310040088 Beijing JIEFANGJUN BAO in Chinese
7 Oct 88 p 1*

[Report by Ji Wen (4764 2429): "Ning Yinghai, Former Secretary-General of the Chengdu Military Region Political Department, Sentenced to Imprisonment for Corruption, Speculation, and Dallying With Women"]

[Text] Ning Yinghai, former secretary-general of the Chengdu Military Region Political Department has degenerated into a depraved person for corruption, speculation and dallying with women. The Military Commission and Discipline Inspection Commission have approved the decision to expel him from the party organization. He was court-martialed by the Chengdu Military Region and sentenced to six and a half years imprisonment. The General Political Department and the Discipline Inspection Commission under the Military Commission have jointly issued a circular on the case, requiring organs at all levels of the army, high-level leading organs and leading cadres especially, to take warning from Ning Yinghai's case, to draw a lesson from it earnestly, to firmly overcome corruption, and to maintain honesty in performing official duties.

Between April and September 1987, Ning Yinghai accepted bribes in cash and high-quality furniture in terms of 11,533 yuan from local building teams contracting projects for a guest house and cadre residential buildings of the political department of the Chengdu Military Command. Between August 1986 and August 1987, he took advantage of running errands to Kunming, and purchased 599 cartons of grade-A cigarettes at state price through connections, then resold them to individual households at exorbitant prices in Chengdu, reaping an illegitimate profit of some 4,000 yuan. Between January and August 1987, he took advantage of his power, and refunded his personal expenditures by listing them in public expense, embezzling a sum of 650 yuan,

while he often indulged in eating and drinking extravagantly with others at the expense of the state by arbitrarily refunding the expenditures at the unit to which he belonged. Since 1981, he had had extramarital relations with two married women and another woman, watching X-rated videos together, when one of the three eventually became his live-in mate.

The circular of the General Political Department and Discipline Inspection Commission under the Military Commission has pointed out that, it is a rare occasion that such case as Ning Yinghai should happen in a high-ranking leading organ. As Secretary-General of the Political Department under the Military Region, Ning Yinghai has degenerated into a depraved man guilty of several charges. This proves, should the issue of maintaining honesty and guarding against corruption fail to be placed acutely before leading organs and leading cadres at all levels under the new situation of reform, opening up to the world, and developing the commodity economy, while failing to attach importance to grasping reform and opening on the one hand, and grasping the struggle against erosion on the other, the fate of destruction would fall on a number of cadres who are party members. The circular pointed out that, it is imperative to adhere to the principle that party organizations must control their cadres, to strengthen party discipline and supervision, and to be strict in running the party. It is imperative to strengthen the supervision of cadres who are party members, especially senior and middle-ranking cadres, to enforce party discipline.

Commentator Urges Honesty
HK2310035088 Beijing JIEFANGJUN BAO in Chinese
7 Oct 88 p 1

[Commentator's article: "Being Honest in Performing Official Duties—The Most Important Thing in Political Life"]

[Text] Ning Yinghai, former secretary-general of the Chengdu Military Region Political Department has degenerated into a depraved person for corruption, speculation and dallying with women. He was severely punished in accordance with the law and party discipline. That serves him right. The lesson of his falling into the pit and losing all standing and reputation serves as a warning to people: Avarice is the root of all kinds of corruption, and evils take their root in avarice. All party members and cadres should stand the test of reform, opening up, and being in office under the new situation, so that they may preserve revolutionary vitality. They must regard honesty in performing official duties as the most important thing in political life, and care for the maintenance of honesty as they do for their lives.

Being honest in carrying out political life is the tradition the CPC has always advocated. Under the new situation of developing the commodity economy today, there should not be any misunderstanding in bringing forward this tradition. A rather popular saying is: Now that we

are going in for reform, opening up, and invigorating the economy, things cannot always be conducted in a good clean way, without applying some "lubrication," otherwise, things will not go smoothly. The degeneration of Ning Yinghai has shown that "applying lubrication" is none other than a pretext to satisfy one's avarice. In fact, where "lubrication" is the fashion of the day, corruption runs amuck. What we are developing is a socialist commodity economy, we should not go in for that kind of "lubrication," while requiring party members and cadres to bring forward tradition, to guard against corruption, to maintain honesty in performing official duties, so that they may radiate the revolutionary vigor of their youth in the course of setting up the new order of the socialist commodity economy.

Many comrades have noted that dishonesty in performing official duties often involves those people who have certain power in their hands. Should we complain that power is the root of all evils? Certainly not. Because the majority of party members and cadres that have power in their hands are being honest in performing official duties. The question lies in avarice. Power, once linked to avarice, will be driven by the latter, and becomes the apparatus for obtaining benefits for the individual. Why did people bribe Ning Yinghai? Simply because he held power in his hands, and because he was greedy, being blinded by lust for gain! Ning Yinghai forgot: He had to pay for being keen on gaining petty advantages, and the price he pays is none other than the destruction of his political life, and the deprivation of his personal freedom. To prize one's political life, one must first fill up the black hole of avarice, to wipe away the rubbish of individualism, to pay attention to ideological remodeling, and to always remain honest in exercising the power entrusted to one by the party and the people. Anyone, as a party member and cadre, should prize his own political life, whereas, the party organization should show concern for the individual in this aspect. And the greatest concern is none other than being strict with running the party, enforcing party discipline, strengthening supervision and control over party members and cadres. Should party organizations shield the dishonesty of party members and cadres in performing official duties, and let them degenerate along the evil road of avarice, that would mean indulging the party members and cadres injuring party interest, and ruining the political life of the individual concerned. To strengthen the party's combat effectiveness, party organizations at all levels must give play to the strength of the organization, the strength of institutions, the strength of the masses, strengthen ideological education, be strict with party discipline, so that all party members and cadres may become models of being honest in performing official duties, and always preserve their vigorous political life.

Commentator's Article on Call To Deepen Reform
HK2110101388 Beijing LIAOWANG in Chinese
No 40, 3 Oct 88 p 3

[Commentator's article: "Important Policy Decision on Deepening Reform"]

[Text] With the arrival of golden October, the PRC has witnessed the 39th anniversary of its founding. Today, when the people all over the country are celebrating their

National Day with jubilation, happens to be a time when the republic is developing with great vigor and vitality. Our achievements are hard won. Therefore, we must redouble our efforts to cherish and develop this fine situation.

This year marks the 10th anniversary of the convening of the epoch-making 3d Plenary Session of the 11th CPC Central Committee. In the last decade, the policy of reform and opening up to the outside world has changed the face of our country. The national economy has continued to expand, the market has prospered, the national strength has grown rapidly, and the people's living standards have improved remarkably.

When looking back at what we have achieved over the last 10 years, we should not neglect or inadequately affirm these tremendous successes and profound changes at the sight of some problems such as inflation and some confusion and corruption cropping up in the course of the old structure being replaced by a new one, because this will weaken our confidence in forging ahead and blur the general orientation of reform. At the same time, we should also squarely face current shortcomings, difficulties, and problems and solve them conscientiously while deepening the reform.

On the eve of our National Day, a Central Work Conference and the 3d Plenary Session of the 13th CPC Central Committee were convened one after the other. The central authorities issued a call to the whole party and the entire people to deepen the reform in an overall way, and defined as priority for the reform and construction in the coming 2 years improving the economic environment and rectifying the economic order.

The aim of economic structural reform is to introduce an economic operation mechanism, under which "the state regulates [tiao jie 6148 4634] the market and the market guides enterprises," to invigorate enterprises, to raise economic results, and to establish a socialist commodity economic order. To this end, it is necessary to intensively carry out a series of reform projects, including price reform. If the current problems, such as an overheated economy, inflation, imbalanced supply and demand, and confused circulation links, are not solved, price reform and reforms in other fields of endeavor can hardly be deepened smoothly. This being the case, improving the economic environment and rectifying the economic order is both a necessary condition for and an important task of deepening the reform.

In improving the economic environment, stress should be placed on the adoption of feasible measures to curb inflation. The causes of the current inflation are numerous. Currently, the scale of capital construction is too large and consumption funds are swelling. All this has aggravated the imbalance between general demand and supply. Therefore, it is necessary to slash the number of excessive capital construction projects and to curtail simultaneously institutional purchasing power and to

use the funds saved thereby in the key development projects necessary for the national economy and the people's livelihood, and necessary to produce more consumer goods needed by the people so as to achieve a rough balance in general demand and supply and help the smooth progress of reforms in prices, wages, and other fields of endeavor.

In rectifying the economic order, stress should be placed on elimination of the confusion arising in the course of the old structure being replaced by a new one, in particular, confusion in the circulation field, including "official profiteering" and "official extorting of kickbacks." In the last few years, the "official profiteers" who can get rich by simply issuing approval notices have played a bad role in adding fuel to the flames of price rises, and the "extorting of kickbacks by officials" has led to the erection of a forest of customs stations in all parts of the country and given rise to the practice of plucking feathers from a wild goose as it passes. This confusion has served as an additional abnormal factor in price rises and added a heavier burden to the state, the enterprises, and the vast numbers of consumers, hindering the deepening of reform. It has developed to the extent that it will simply not do not to eliminate it immediately.

In improving the economic environment and rectifying the economic order, we should attach great importance to deepening reforms in enterprises, in particular, large and medium-sized ones. We should step up rather than relax our efforts in this work. If enterprises' operation mechanisms are improved, this will help improve economic results and turn out more marketable products and greatly help ease the strained situation in general demand and supply. Meanwhile, we should also do a good job of reforms in other fields.

What is the guarantee for success in improving the economic environment and rectifying the economic order? It lies in strengthening party leadership, heightening the central government's authority, achieving greater unity, and better enforcing discipline. In this crucial period, the entire people must be of one mind, achieve unity in thinking and action, and continue to forge ahead vigorously with one heart and one mind. In the last few years, the central authorities have delegated considerable powers to lower levels, thus boosting economic development. This is very necessary. All localities and departments should take the situation as a whole into consideration, submit themselves to the plans and orders of the central authorities and the State Council, and subordinate their interests to those of the whole nation. All actions of putting the interests of small circles before those of the state and the people, of each going his own away, and of disobeying orders and defying prohibitions are wrong.

The history of the PRC over the last 39 years has proved that whenever we are confronted with difficulties, so long as we strengthen party leadership, we can concentrate the forces of the people all over the country on

overcoming difficulties and thus advance toward victory. This time, so long as we do the same, we will surely be able to solve the problems currently confronting us and win new victories in reform and construction.

Economist Views Prices, Improving Economic Order
HK2210082488 Beijing JINGJI RIBAO in Chinese
4 Oct 88 p 3

[Article by Tong Dalin (4547 1129 2651): "Market, the Food Basket, and Other Matters—Several Suggestions on Improving the Economic Environment and Order"]

[Text] The Market Is Like a Stadium [subhead]

To improve the economic environment and rectify the economic order is mainly to improve and rectify the socialist market order.

The market is like a stadium. All sports are governed by strict competition rules and all players are required to obey the umpires. Whoever has violated the rules will be warned and shown a "yellow card" or even sent off the field.

Unambiguous laws, rules, and regulations must also be enforced in our market. Within the bounds of lawful competition, all enterprises and operators can try their best and freely compete with others. This is a condition for equal competition. If a person, whoever he may be and however high-ranking a bureaucratic speculator he is, violates them, he has to be punished by law.

Thus, to speedily formulate and strictly enforce various laws and regulations (even though they may be just provisional regulations) concerning the socialist market is a most important function of, as well as a most important task for, the government at all levels.

Stabilizing the "Provisions Basket" and So On [subhead]

The expression "the provisions basket and so on" refers to all those things that must be consumed by the people each day. These things include, first, vegetables, meat, fuel, rice, edible oil, table salt, and such daily small commodities as toilet tissue, soap, and so on. Why is it necessary to stress this issue? The reason is simply that it is a most important issue that is related to the questions of reassuring the public and arousing the laborers' enthusiasm. In addition, they constitute the most basic condition on which the most important productive force—the laborers—depends for its existence. Furthermore, they constitute the basis and starting point for the country's economic development strategy, the purpose of which is to meet the people's basic living needs.

If one-third strong of the country's large and medium cities concentrate their energy on the matter, they can successfully solve the problem of "vegetable gardens," "vegetable vendor stands," "provisions baskets," and "dinner tables." We should first try to stabilize the city and town markets for nonstaple foodstuffs and small

daily commodities and then proceed to stabilize other things systematically. In this way, the people will be better able to endure strains and the reforms can go on smoothly under more favorable conditions.

Here, it is necessary to stress one point: It is necessary to try to solve the problem of "provisions baskets" successfully, but never to take the beaten path of "product economy" again. In addition, we should try seriously to find a new system that can react quickly and features the application of market laws, the role of enterprise mechanisms, and free competition.

The so-called market laws (in other words, market mechanisms and enterprise mechanisms) mean two things: First, the "determination of prices by supply and demand" and, second, the "regulation of supply and demand by prices." However, the market laws are not working at present. The reason is that many enterprises are still unable to quickly react to various market changes. In addition, the government, having many doubts and misgivings, also finds itself in a dilemma. This is the fundamental reason why the market laws and enterprise mechanisms are not working at present.

In my opinion, under this circumstance the government should concentrate on performing the function of "organizing the economy." This means that it should either indirectly or, if necessary, directly, interfere by adjusting interest rates, tax rates, and exchange rates and by means of subsidies and depreciation, in the event that there is a short, or excessive, supply of certain commodities.

Continue To Implement This "Very Good Policy" [subhead]

Immediately after the end of the civil war, Lenin led the whole party into economic construction. At that time, Lenin valued scientists, technicians, and experts very much. For example, the monthly salary of an expert could reach as high as 3,000 roubles, compared with Lenin's 500. However, some party cadres were puzzled by this. Lenin personally explained it at the eighth party congress: "This will prove to be a very good policy and a most economical practice. If we do not do this, we can perhaps save several hundred million roubles, but only at the expense of things which several hundred billion roubles cannot buy."

In this respect, are we not still suffering?

Therefore, the current wage reform should be focused on solving the problem of the wages of mental and physical laborers (the expression "inverse relationship between the wages of people with brains and those of physical workers [nao ti dao gua 5207 7555 0227 2171]" is not quite appropriate because it may lead to misunderstanding among physical laborers).

Here, it is necessary to explain that not all mental laborers should be entitled to better pay. Pay should depend on labor efficiency and labor results, but not on qualifications or professional titles.

In the labor market, mental laborers may also encounter the problem of supply and demand. For example, if a certain type of mental laborers are in great demand in a certain trade, naturally they can ask for better pay. However, if there are too many mental laborers of a particular type, they naturally will receive lower pay or they may even be unemployed.

The same things can be said of physical labor. For example, underground operations in mines and a few types of strenuous physical labor are very important and yet few people would like to be engaged in them. Therefore, these trades have to offer much higher pay.

At present, I think that it is necessary to reform the system governing the wages of secondary and primary school teachers and doctors before we consider anything else.

Properly Solve the Problem of Waste in Key Construction [subhead]

A socialist economy should not be a "shortage economy." Nor should it be one that becomes "a retrenchment economy" as soon as difficulties arise. Still less should it be a "wasteful economy."

At present, in order to bring about a "result-oriented economy [xiao yi jing ji 2400 4135 4842 3444]," it is first necessary to solve the problem of a "wasteful economy."

People are increasingly aware that the most serious waste occurs in large enterprises and in the execution of major projects, particularly major key construction projects.

The cost of materials scattered on the ground plus the total amount of money wasted throughout the country from the time when designing, the construction of buildings, the installation of equipment, the introduction of technology from abroad, and the execution of projects begun through the completion of these projects would be a greater sum than each one of the deficits we had in the past few years or than the total amount of currency issued during these years.

Another example is that each evening, in our country's restaurants, a great deal of leftovers are thrown away. One can really call this "a waste of heavenly things!"

It is necessary to concentrate energy on solving the problem of the waste of labor or, in other words, the problem of very low efficiency.

Introduce a Second System of Indexes [subhead]

We will have to adopt those indexes which are widely in use internationally, such as the gross national product (GNP), per capita national income, economic growth rates, and so on. These indexes can be called, collectively, the first system of indexes.

I suggest that in the course of the establishment of a new socialist commodity economic order, we introduce a second system of indexes, which include the following ones:

The price increase rate, nominal wages increase rate, tax rates (the ratio of taxes to the entire GNP), interests rates (interests rates in the money market), and exchange rates.

From some of the FRG indexes in the 1980's, I have arrived at the following tentative conclusions:

—In 1984, the FRG GNP went up by 3.3 percent, its price increase rate was low (2.5 percent), its nominal wages increase rate was slightly higher (3.0 percent), both its interest rate (7.8 percent) and tax rate (23.4 percent) were quite low, and its exchange rate was stable (149.8).

—In 1982, the FRG GNP dropped by 1.0 percent, its price increase rate was high (4.8 percent), its nominal wages increase rate (4.1 percent) was lower than its price increase rate, both its interest rate (9.1 percent) and tax rate (23.7 percent) were high, and its exchange rate was low (147.3).

We can learn something from the above examples. In macroeconomic regulation and control [tiao kong 6148 2235], we should apply these indexes as a complete set, so that they can supplement one another and work in harmony.

Therefore, I suggest that although the current price and wage reforms are our main thrust, we should take tax rates, interest rates, and exchange rates into all-around consideration at the same time.

Relationship of Government, Market Functions HK2210052788 Beijing GUANGMING RIBAO in Chinese 6 Oct 88 p 3

[Article by Hong Xiaoyuan (3163 1420 3293), Li Su (2621 5126), Du Feijin (2629 7378 6651) and Shen Minfeng (3088 2404 6912): "Thoughts on Commodity Prices, Party Style and Education—On the Reverse Relationships Between Government Functions and Market Functions, and Countermeasures To Deal With Them"]

[Text] Since the two "sessions" of the 7th NPC and the 7th CPPCC National Committee, people have shown concern for the three issues of commodity prices, party style and education. This article intends to make a theoretical analysis of the inner links and common contradictions of these three issues.

1. Our Country's Traditional System and Pattern and the New Order of the Socialist Commodity Economy [sub-head]

Commodity prices, which are an economic problem, are a basic prerequisite for commodity exchanges. Party style belongs to a political category, which is closely connected with the ruling activities of a ruling party. Education belongs to a cultural category, and is an important component part of the public welfare undertaking of society. Under the condition of modern commodity production, different systems and patterns will give rise to different economic, political and cultural relations.

Our country's traditional system belongs to a social pattern characterized by a high degree of concentration of state power. Economically, the government monopolizes everything. It is responsible for planning and distributing resources, and the administration and management of enterprises. Commodity prices are set and verified by the state in unified way. Although they are very often distorted, government administration has always been able to curb the rise of the general price level. The government makes use of coupons to exercise control over the consumption of products which are in short supply. The phenomenon of "lining up" has replaced inflation. Politically, the ruling party governs everything. The party is not separated from the government, or the government is replaced by the party. The party style is full of various unhealthy trends such as "dictatorship," "dishonesty," and "making others suffer," and so on. Culturally, state power covers everything. Science, education, culture and public health are all covered by state planning, and intellectuals live on money allocated by the government. In the educational field, although the salaries of teachers can be maintained at a middle level, there are barriers between higher and lower levels with regard to the government's investment in education. Some subjects and departments overlap, and the number of redundant personnel has increased. Latent contradictions are becoming increasingly intensified. It is obvious that the pattern of our country's traditional system is based on using the method of a product economy to solve the problem of a commodity economy. Here, the essential problem is that the government's functions develop in a lopsided way, and our economic, political and cultural life is brought into the orbit of the activities of the state. The most important basis of the commodity economy—market mechanisms—has been completely excluded.

The target pattern of reform in China is aimed at establishing a new order of the socialist commodity economy. In other words, fully indirect relations between the state and society should be established. With regard to indirect relations between the state and enterprises, there should be an intermediary of a market. Regarding the indirect relations between the ruling party and members of society, there should be an intermediary of democracy. As far as the indirect relations between the government and cultural and educational organizations

are concerned, there should be an intermediary of a legal system. Commodity prices are changing in accordance with the pattern of the "state regulating market, and market guiding enterprises." Price mechanism is based on market supply and demand relations. Production setup will become increasingly rational because of the changes of prices and the essential factors of production. The state makes use of economic means to readjust the general price level. The contradiction between total supply and demand has been increasingly eased because of the change in monetary and financial policies. The party style will also change with the development of the socialist democracy. The ruling party enters the government in a democratic way, and the state makes use of a democratic method to formulate policies, laws and regulations. The people make use of democratic means to supervise the activities of the government. The party cadres have no right to arbitrarily interfere in social life. Indirect democratic management methods will completely improve party style.

Education operates strictly in accordance with the law. Schools obtain their funds from both the state and government according to law. They implement an appointment system (pin yong zhi 5111 3938 0455) to employ teachers and staff. Schools introduce the market mechanism, and dismiss redundant staff through the competition and flow of teachers and staff. This will enhance the working efficiency of schools. It is obvious that the new order of the socialist commodity economy means a system and pattern which ensure that the government and market have their own respective functions. The rights of commodity producers (all members of society) are fully equal. They are carrying out democratic and free social activities based on compensation and exchange of equal values. The state serves society, and exercises a macroscopic control over society (market economy, democratic politics and social culture), and carries out the activities of law enforcement in an abstract (chou xiang 2132 6272) way with the aim of creating a fine social environment for social life.

2. A Reform Which Goes Against the Common Practice, and the Double-Track System [subhead]

There is a history of the change from a product into commodity economy. At the end of the 18th century, the great revolution in France separated civil property rights from government administrative power (the power of feudal kings, privileges of aristocrats and religious authority). The Napoleon Code of 1804 declared that private property rights were sacred and inviolable. On the basis of standardizing ownership power, it developed market mechanisms based on equal exchanges. It was only after more than 100 years that commodity production reached a socialized level early in this century. In 1900, the German Civil Code included in it a system of legal entities. This completely separated ownership from operational power, and developed important legal forms for the socialization of capital, operation and management.

The development of the commodity system in China has its unique historical starting point. Due to the interference of ideology, and the inertia of government functions, our reforms bypass the basic contradiction of ownership power. We start our reform with independent operational power. Through delegating power and conceding benefits to enterprises, market mechanisms have been partly introduced into our social life, so that the old system has been weakened to a certain extent in certain fields. However, due to the fact that such reform, which goes against common practice, sidesteps the crucial question of separating financial power from administrative power, the interference of state administrative power in the economy has still existed. The state administrative power makes use of the new forms to exercise its old power. When our country entered a period of the double-track system in which the old and new systems coexist, very severe reverse relations between government and market functions were formed.

Regarding the problem of commodity prices, we are facing a very special reality because of the double-track system. In other words, the government still wields the power for setting the prices of some important commodities, and a double-track price system exists in our economic life. Our price structure is still decided by the state organs at all levels. Every time a price readjustment is made, governments at all levels have always had partiality for enterprises under them. As a result, the price structure has become more and more irrational, and we call this the "restoration of price parity." The essential factors of production do not flow along a horizontal direction despite price readjustment. The production of products in short supply and products in excessive supply has developed in inverse proportion, so that the prices of those products badly needed in society shoot up rapidly on the black market. On the other hand, the government is responsible for providing subsidies for various fields. This is a heavy burden on state finance. The beneficiaries have more and more demands (demands for investment and consumption). When they suffer from losses, the state should make up their losses. Even if the state has adopted a macroscopic policy of retrenchment to deal with inflation, the decline in financial revenues and the increase in financial deficits cannot be avoided. Under such powerful pressure from rigid interests, very often the government cannot but give in to the practical social reality. It maintains the status quo by issuing banknotes (the so-called financial issuance). This will aggravate inflation, and weaken government capability to exercise control over the general price level. In a word, the direct result of the implementation of the double-track price system is that the government deals with structure (impeding the development of the market mechanism), and that the market pushes up total amount (weakening the government capability in exercising control), and that the reverse system has again and again forced prices up.

Our reform in party style has also faced the same contradiction. On the one hand, under the double-track system, the party and government organs have retained their

inverted (dao zhi 0227 4999) administrative power. The government administrative organs at all levels, which lack coordination and contacts, directly administer state-operated enterprises. Price departments impose various kinds of restrictions on the power of enterprises to set prices. Goods and materials departments possess a large quantity of goods and materials in short supply. Energy and communications departments monopolize energy supply and communication service. Various law enforcement departments have no laws and regulations to follow in their activities. All this has enabled the party and government organs to continue to directly interfere in market activities, and the full development of market mechanisms has thus been impeded. On the other hand, due to the fact that the democratic process of the party has just started, democratic supervision over the party and government organs is very limited. In addition, due to objective conditions that government departments participate in market activities, the market mechanism has penetrated into the activities of the ruling party. Unhealthy trends such as abusing power for private gain, offering bribes and taking graft, and so on have corrupted the government organs, and severely impaired the party and state. This has clearly shown that with the implementation of the double-track system, the ruling party has directly participated in market activities in some aspects. This is the soil for market mechanisms to corrupt the party and government organs. This situation of the reverse system has aggravated the acute pain of society.

Regarding the issue of education, the latent crises of the traditional system have been fully exposed in the process of implementing the double-track system. Educational, scientific, cultural and public health undertakings completely rely on the state. Due to the rise in commodity prices and the strains on state finance, the incomes of intellectuals are too low, and funds for running those undertakings are insufficient. Under such circumstances, fund distribution and the system of labor and wages should originally be readjusted through market mechanisms. However, due to the fact that the state is still exercising strict control, the problems of the waste in resources, and too many redundant personnel remain unsolved. Various kinds schools, hospitals and research institutes have begun to encourage their subordinate organs and staff members to independently carry out their market activities ("expanding incomes") with the aim of solving the problem that the incomes of physical laborers are higher than mental workers. Under the guidance of the thinking of diversifying individual incomes (rather than diversifying the sources for operation expenses), a great number of top teachers or researchers go out from their units to participate in business activities. Thus, the problem of the system of the schools themselves cannot be solved. On the contrary, the order of educational, scientific, cultural and public health undertakings which have been strictly standardized by state legislation, has been blindly pounded by market mechanisms.

To sum up, we know that although the three main issues of commodity prices, party style and education manifest themselves in various ways, they have the same roots. In

other words, government functions go against market functions. The essential problem here is that the double-track system does not conform with the commodity economy.

3. The Solution of the Problems, and the Focal Points of the Current Reform [subhead]

The experiences of various East European countries in reform are more or less the same. They have smoothly carried out the work of introducing market mechanisms into their traditional system. However, once they are confronted with the double-track system, it is very difficult for them to free themselves from the predicament. Today, when our reform has entered its 10th year, the severe defects of the double-track system have been increasingly exposed. Our reform is facing the difficulty of both "advancing" and "retreating."

If we refuse to advance, the phenomena of inflation and unequal income will become more serious. Under such circumstances, the government will be compelled to strengthen its administrative power, and to continuously restore the old system. If we carry out an all-round reform, our society will experience two kinds of acute pain, namely, ideological pains resulting from the transformation of the ownership system, and the pain in economic operation resulting from price reform that is difficult to avoid. In the fields of political and cultural life, the pain is even more acute. Therefore, we may say that reform in our country is entering the most difficult historical stage.

However, according to the reform history of socialist countries, the contradiction between the aims of reform and reality demands that we complete the work of changing the system as early as possible, because "stagnation" resulting from the reversion of the system will not only deviate from the aims of reform, but also prolong our suffering. In the meantime, the reverse system will aggravate various social contradictions. In this sense, the solution to the three main problems of commodity prices, party style and education lies in deepening the reform of the system, and in establishing the new order of the socialist commodity economy as early as possible.

Recently, the central authorities have proposed a all-round reform, which includes reform in the systems of commodity prices and wages. We should expand the role of the market mechanism, and solve the contradiction resulting from the reverse system so that indirect relations between the state and society will be established. Of course, this is a gradual process. The double-track system must not be abolished in a short time. Here, we should handle the following three kinds of relations well.

1) Relations between price reform and ownership reform. Economic structural reform in China is divided into two main parts: First, independent operational

power of enterprises, and second, standardized ownership power of assets. Regarding the first part, we should promote price reform, provide operators of enterprises with the power to set the prices of their products, and perfect our commodity market mechanisms. Regarding standardized ownership power of assets, the owners of assets should be provided with power for transferring the essential factors of production, and for developing the market mechanism. These two parts are an important component factor of perfect market mechanisms. The reform in commodity prices and wages will integrate them. Through a perfect market mechanism, it will also change the government functions so that the reverse system will be put right in accordance with the demand of the commodity economy.

2) Relations between democratic process and government authority. Since our party style is impure, we must strengthen democratic supervision. However, in a period of drastic social changes, democracy must ensure the honesty and efficiency of the government, and the authority of the state should be based on democratic process. In specific practice, political structural reform should be promoted in the following two aspects. First, we should start with developing democracy inside the party. We should develop democratic politics with regard to the selection of government officials, the rules and regulations governing government operations, and the supervision over government power. Second, the power structure of the central and local governments should be re-established. Economic power should be concentrated in the hands of the central government, whereas more power for the administration of social affairs should be delegated to the local governments. Reform has demanded that government power must be effectively exercised, and that the authority of the government must not be ruined by ultra-democracy. The authority of the government must not be adversely affected by the separation of power.

3) Relations between providing additional educational funds and change in educational system. On the one hand, we should enhance our social and economic results as a whole, and increase our educational funds to improve our conditions for running schools. On the other hand, what is more important for us to do is that we should promote the reform in our educational system. This includes the change in the methods for allocating funds, and the efforts to tap more resources for educational funds. Schools should adopt the method of selecting the best and dismissing the worst to reduce the number of teaching staff, and carry out an all-round reform in their labor and wage system. It is only under such circumstances that the additional educational funds allocated by the state can be fully utilized in accordance with the law of the commodity economy.

Fund, Prices Policies Under Inflation Discussed
HK2210070988 Beijing JINGJI RIBAO in Chinese
4 Oct 88 p 3

[Article by Bai Fan (4101 1581): Fund and Price Policies Under the Condition of Inflation"]

[Text] Only by Raising Interest Rates by a Big Margin Will It Be Possible To Efficiently Curb Social Demand [subhead]

What kinds of fund and price policies are helpful to curbing, but not pushing up prices? Some comrades believe that existing interest rates should be maintained, raising them is unnecessary and irrational with the disadvantages outweighing the advantages. Many comrades believe, however, that interest rates have to go up in a moderate way; otherwise it will only push up prices drastically. Therefore, interest rate readjustment should be carried out in small steps.

The author thinks that raising interest rates has two effects. Negatively, it will increase product costs; while in a positive sense, it will curb general demand. The advantages and disadvantages all depend on the arrangement in interest rate readjustment. Resulting from the existing low interest rates for deposits or credits, citizens are forced to withdraw their savings, while enterprises vie for credits. Objectively, low interest rates have become an important factor in pushing up prices. Eventually, interest rates must go up. However, interest rate readjustment in small steps will only increase product costs, while it will not help in curbing general demand; consequently, prices will be pushed up. Only by raising interest rates by a wide margin will it be possible to effectively curb social demand and be helpful in controlling the general price level.

In China, the price behavior of enterprises does not come under market restriction chiefly because effective market demand is too great, and the operation of the national economy is under great stress when there is a sellers' market. Therefore, without powerful price control, the price hikes in supply often signify price hikes in the market. The general price level will be basically stable only when there is a downturn in general demand with a balance in the general demand and supply. Under such conditions, even a rise in product cost will not necessarily lead to a price hike. Raising interest rates by a wide margin is an efficient measure in curbing general social demand. Of course, it is not enough to rely on the lever of interest rates alone in controlling general demand, because the budgetary restriction of China's enterprises is soft. Here, other whole-ranging measures are involved in making comprehensive improvement possible. To harness the runaway inflation at present, it is imperative to raise interest rates by a wide margin. Implementing "Differential Fund and Price Policies" [subhead] Raising interest rates by a wide margin will bring down demand prices on the one hand; on the other, it will bring up supply prices. Here, some side effects are inevitable. To reduce the unfavorable effects of raising interest rates by a wide margin on supply prices, we advocate the implementation of "differential fund and price policies."

To stabilize and to increase savings deposits, it is imperative to raise interest rates for savings deposits by a wide margin. The near-term measure is the implementation of value preserving savings deposits (which has already been implemented). At present, savings interest rates are about 7 percentage points lower than the price hike range in retail

prices, and the perversion has been grave. Should such a situation remain unchanged, it would be rather difficult to keep the some 300 billion yuan of savings deposits in the bank. Once they were cashed, it would be quite beyond the bearing capacity of the already strained market, and the consequence beyond our imagination. A trend of unstable savings deposits is already on the horizon. Panic buying is frequent in the market, and this should rouse all our attention. To raise interest rates at the value-preserving level will keep the existing savings deposits in the bank, while it is possible to attract new savings deposits, turning some of the cash in citizens' hands and their newly acquired income into bank deposits, thus reducing consumer demand. Based on the calculation of past experiences in readjusting interest rates, when the interest rates of savings deposits were raised by one percentage point, the cash holding rate among citizens would drop by 2 percentage points, and consumption would drop by around 1.8 percentage point.

The differences in interest rates for different periods of deposits are insignificant at present. To make it favorable to stabilizing savings deposits, it is necessary to widen the differences in interest rates for different periods of savings deposits, especially the difference between current deposits and time deposits, to encourage the latter, especially long-term deposits.

Enterprise deposits, deposits of institutions, government organs, army units as well as financial departments should be handled with some discrimination. Enterprises are independent or relatively independent commodity producers and managers, their decisionmaking concerning production and management is profit-oriented. If the interest rates for enterprises' deposits are on the low side, it will be unfavorable to stabilizing this sector of deposits, especially so with enterprises of foreign investments, joint-ventures with Chinese and foreign investments, private enterprises, individual-economy enterprises, and collective enterprises in towns and townships. There are some differences regarding the deposits of government organs, army units, institutions as well as financial departments. No flexibility in interest rates is involved regarding this category. Therefore, concerning the arrangement of deposit interest rates, savings deposits should be the highest; next, enterprise deposits, while interest rates for other deposits may be largely maintained at the existing level.

Will higher interest rates for enterprise deposits result in large-scope transfer of production funds to monetary funds? This depends on the conditions. If the interest rates for enterprises' deposits are not any higher than the interest rates for average social funds, there will not be any lashing at enterprises' funds. Even if interest rates are a little higher than average profit rate, only a part of idle funds will be converted into bank deposits, resulting in weakening investment growth. However, large-scope transfer of production funds is unlikely to happen, leading to a downturn in simple reproduction. Only when interest rates are so high that the interests derived

from the deposits will cover the loss resulting from enterprises' production conditions being laid idle, accompanied by a downturn in the situation. Therefore, to appropriately raise interest rates for enterprises' deposits is not only necessary but feasible.

To Raise Interest Rates for Credits With Discrimination [subhead]

The readjustment of interest rates for credits is the focus of contradictions between the fund and price policies. Generally speaking, raising interest rates will end in increasing product cost. Based on calculation, when interest rates for credits are raised one percentage point, enterprise expenditures for interests will increase by 5 billion yuan, with the cost increased by around 0.45 percentage point. However, if differential interest rates for credits is implemented, there will be a world of difference in the result.

Obviously, the readjustment of the interest rates for credits of circulation funds will affect the existing supply prices, while the readjustment of the interest rates for credits of fixed assets will affect future supply prices only. So long as the interest rates for credits of circulation funds are readjusted appropriately, the pressure on the market will be insignificant. Moreover, the rise in cost does not necessarily lead to price hikes. The government may compel enterprises to digest the effects of expenditure increase in interests through control of state quotations and state guiding prices. Should a small number of enterprises meet with extraordinary difficulties, this may be resolved by tax abatement and profit concessions, or providing this category of enterprises with subsidies. No major price fluctuation will surface regarding those products with their price control already relaxed, so long as there is no breakthrough in the demand-supply contradiction.

Raising interest rates for credits of fixed assets will form price hike pressure on the market, while being a powerful lever for stabilizing market prices. The basic cause for the drastic rise in China's general price level at the present stage is the expansion of general demand, while the chief factor for the expansion is overheated investments as well as excess in capital construction scope. Raising the interest rates of credits for fixed assets will efficiently curb fund demand, and reduce capital construction scope. The effects will be even better if other supplementary measures are adopted, such as strengthening control over credit volume, and raising the bank's reserve rate. Under the conditions of "eating from separate pots" [fen zao qi fan 0433 3501 0676 7391] in finance, and expanding the enterprise's decisionmaking power, decisionmaking in investments is decentralized, it will be rather difficult to control investment expansion by administrative order. It will work on condition that the levers of credit and taxation are applied to, while the crux to credit readjustment is precisely the correct application to the interest rate lever.

Is there a maximum to the interest rates for credits? One opinion believes that the interest rates for credits should not be higher than the average interest rate for social funds; otherwise, it will lead to a downturn in production. Specific analysis is involved regarding this issue. From the angle of the history of development of the world economy, interest rates were generally higher than profit rates in many nations in times of inflation, while no major depression was on the horizon. Because enterprises had their own funds, which are basic, bank loans were only supplementary. Therefore, interest rates were usually higher than the average profit rate. The majority of enterprises could take it as the matter stood. Only those enterprises with poor economic results suffered from a downturn or bankruptcy. To deal with inflation, the bankruptcy of some enterprises with poor economic results is necessary. That will also be favorable to the optimum in allocating natural resources.

The interest rates for credits of fixed assets should be higher than those for value-preserving savings, while the gaps in interests for different periods of loans should be widened. At present, there are only four different interest rates (annual rates) for periods between 5 and 10 years, between 3 and 5 years, between 1 and 3 years, and within 1 year, they are 5.4 percent, 0.9 percent, 0.9 percent respectively, the grade differentials are too small. The interest rates for credits of circulation funds should not be lower than interest rates for enterprises' deposits in principle.

The bank should base on the requirements of the industrial policy, implement differential interest rates regarding different industries. High interest rates should be implemented regarding those industries which the state has needs to restrict their development or to eliminate through selection or competition. While preferential interest rates will be practiced regarding those basic industries and high-technology industries which are pressed for development.

In short, implementing "differential fund and price policies," raising various interest rates by a wide margin with discrimination will effectively curb social demand, while the lashing at enterprises will not be too great and a downturn in supply is unlikely to take place. This is of great significance to promoting the basic balance of general demand and supply, and curbing inflation.

Increased Production Must Precede Price Reform OW2210073588 Beijing XINHUA in English 0819 GMT 21 Oct 88

[Text] Beijing, October 21 (XINHUA)—Increased production and higher profit margins must be a precondition for carrying out the country's price reform system, a renowned economist said here today in an interview with the OVERSEAS EDITION of the "PEOPLE'S DAILY."

Li Yining, professor and dean of Beijing University's Economics Department, said that only by improving their production and profits can enterprises meet the challenges posed by price hikes in raw materials, ensure the increase of workers' incomes and contribute to the country's financial stability.

He went on to explain that price reform means that the Government will gear its price-fixing power over many commodities, including raw materials, to fluctuating market prices.

"But without increases in production," he said, "the reform will lead only to inflation, continued price hikes, and a rise in wages," he said.

Laws must be passed to screen corruption that might occur in the course of perfecting the reforms and to ensure fair competition among enterprises, he said.

Li, who has helped devise the country's plans to restructure the economic system, said that it is not "proper" to assess the total impact of current economic reform on the basis of price reform alone, which—in any case—is to be slowed down next year.

"The reforms are an overall project," he said.

The focus of reform in the coming year, he said, will be based on furthering the country's contract system and stock-offering mechanism, establishing enterprise groups, and streamlining the work force.

New housing reforms to be ushered in next year will help promote the construction trade, one of the country's backbone industries in years to come, according to Li.

This reform, which will encourage people to buy as well as build houses, will also help the circulation of money between the individual and the state, he said.

People Seem To Support Rectification of Economy
OW2310112988 Beijing XINHUA in English
1228 GMT 22 Oct 88

[Text] Beijing, October 22 (XINHUA)—There seems to be little controversy among the general public in China over the Communist Party and central government decision to "rectify" the economy. The people want action, as shown in a number of readers' letters to newspapers.

"It is nothing new nowadays for some institutions to ignore orders and prohibitions by central authorities," one reader complained in his letter to the "PEOPLE'S DAILY" today. Purchases by institutions actually went up in the first half of this year, contrary to government directives, the reader wrote.

But this time the central authorities seem determined to enforce their will. Senior Chinese leaders have reiterated that those who fail to obey orders will be severely punished.

The series of circulars issued, the special task forces sent, the educational drive launched within the party and among officials have set the nation in motion. News coverage in today's major Chinese papers give an indication of some of the measures taken so far.

In Shaanxi Province, four provincial leaders and 10 officials at the department level have resigned their posts in enterprises and companies. One who refused to do so has been removed from his government post.

This is an attempt to prevent officials from using their administrative power to acquire and resell goods in short supply for exorbitant profits.

Sichuan Province has set up special groups to screen capital construction projects. The provincial authorities have decided to halt all projects not included in the original plan and to prohibit construction of new office buildings, hotels, auditoriums and guesthouses in the next three years.

In Gansu Province, the provincial government has taken similar action. These measures are designed to curb inflation and excessive consumption.

In Jiaozuo City, Henan Province, 18 commercial enterprises, found to be involved in indiscriminate price hikes, have had 114,000 yuan of illegal earnings confiscated and been fined 10,000 yuan. This is in response to government directives to crack down on companies that are raising their prices excessively.

Citizens are now encouraged to provide information about officials whom they believe to be corrupt. Special corruption-reporting centers have been founded across the country.

To date, 231 cases, about half of which involve graft and bribery, have been reported to the Quanzhou Center in Fujian Province since the center was set up in August, for example. One-third of the complaints are made anonymously.

Paper Cited Urging Capital Construction Control
OW2210074488 Beijing XINHUA in English
0919 GMT 21 Oct 88

[Text] Beijing, October 21 (XINHUA)—China's influential "ECONOMIC DAILY" has urged central and local governments to exert tighter administrative and economic control over "blind" (or unregulated) investment in new industrial projects.

Today's paper cites the machine-building and electronics industry as an example, saying that the Central Government licenced a nationwide quota of 200 enterprises to produce wire and cable, but outside investors have boosted the number to 3,000.

One city in east China was designated to set up 15 such enterprises, but actually built 182, the paper added.

The "ECONOMIC DAILY" said that at least a dozen municipalities, provinces, and autonomous regions are now vying to build automobile and color television factories in defiance of central government regulations.

As a result, the paper said, the industries have overspent their state quota of fixed asset investment (2.2 billion yuan) for 1986 and 1987 by 5.5 billion yuan in 1986 and 6.8 billion in 1987.

"This has caused a shortage of funds and materials, as well as creating a great waste of money and manpower," the paper said, adding that out-of-control investment is caused by many factors including local and official self-interest.

Some local governments put local interests before the national benefit and blindly invest in projects which, they think, can bring quick and easy profits. And some senior officials empowered to approve projects give the "green light" to the construction of new enterprises at will, the paper explained.

"Such overlapping investments in the machine-building and electronics industry have aggravated the country's already "heated" economy," the paper said.

To end the process, planning, financial, taxation and pricing departments, as well as customs offices, should coordinate their efforts to gain full control over runaway investment, the paper said.

Court Upholds Ruling Against Foreign Firm
*OW2210080588 Beijing XINHUA Domestic Service
in Chinese 1449 GMT 11 Oct 88*

[By reporter Chen Maodi]

[Text] Shanghai, 11 Oct (XINHUA)—Today the Shanghai Municipal Higher People's Court economic bench handed down its final judgment on the dispute involving compensation for damage caused by the infringement of rights filed against Swiss Industrial Resources Company by China National Technical Import Corporation. The former has used a contract to deceive the latter into paying a huge sum of money during a transaction for steel products. The court turned down the appeal of Swiss Industrial Resources Corporation and upheld the original verdict reached by the Shanghai Municipal Intermediate People's Court. It ordered Swiss Industrial Resources Corporation to pay China National Technical

Import Corporation the money it paid for the steel products, bank interest for the money, operational losses, and other related expenses, totaling more than 5.3 million U.S. dollars.

So far this has been the biggest case concerning compensation for damage caused by the infringement of rights involving a foreign concern ever handled by China's judicial organs since the founding of the People's Republic. According to briefings, China National Technical Import Corporation was acting on behalf of Zhejiang Province's Wenzhou City Metal Materials Corporation, and had signed a contract with Rising Sun Development Corporation from the United States in December 1984 for the purchase of 9,000 tons of steel products. Soon after, Rising Sun Development Corporation was unable to fulfill the contract and asked China National Technical Import Corporation to change the supplier in the contract to Swiss Industrial Resources Corporation. In March 1985, Swiss Industrial Resources Corporation sent a telex to China National Technical Import Corporation stating: "The cargo is ready for loading at the port of shipment" and "the date of loading onto the ship will be 31 March 1985." It urged China National Technical Import Corporation to issue a letter of credit to Norway Credit Bank in Luxembourg and to name itself the beneficiary. After that, Swiss Industrial Resources Corporation sent another telex to China National Technical Import Corporation, stating: "The steel products will be supplied by our plants in Italy or Spain". It also quoted the price of the steel products, and the date of delivery. Thereafter, the two parties signed an agreement in Shanghai on 1 April 1985, whereby Swiss Industrial Resources Corporation would supply 9,180 tons of steel products at a cost of 2.295 million U.S. dollars, and ship the cargo within 2 weeks of receiving the letter of credit.

On 19 April 1985, China National Technical Import Corporation advised the Bank of China's Shanghai branch to issue a letter of credit for 2.295 million U.S. dollars, naming Swiss Industrial Resources Corporation the beneficiary. The letter of credit stipulated that: The steel products are to be shipped to Wenzhou from La Spezia in Italy, and the final date is 5 May 1985. After that Swiss Industrial Resources Corporation submitted the bill of lading and letter of credit to China National Technical Import Corporation. The date of on the bill of lading was 4 May 1985, the name of the shipper was Swiss Industrial Resources Corporation, and the amount of steel products shipped was 9,161 tons. The bill of lading was endorsed by Swiss Industrial Resources Corporation; it also drew up the sales invoice. On 1 June 1985, the Bank of China's Shanghai branch remitted 2,290,250 U.S. dollars to Swiss Industrial Resources Corporation. Since China National Technical Import Corporation did not receive the steel products, it continuously sent more than 10 telexes and letters to Swiss Industrial Resources Corporation from July 1985, pressing for information and making representation. But Swiss Industrial Resources Corporation either refused to reply or made all sorts of excuses, and refused to deliver the goods.

Shanghai judicial organs' investigations revealed that the inspection certificate for the steel products, the weight certificate, and the Italian (Calioto) Steel Mill packing list submitted by Swiss Industrial Resources Corporation to China National Technical Import Corporation were forgeries. The cargo ship "Achilora" stated in the bill of lading, which named Swiss Industrial Resources Corporation as the consignor and was endorsed by it, had not berthed at the Italian port of La Spezia throughout the whole of 1985. Swiss Industrial Resources Corporation had never consigned any steel products for shipment; the bill of lading submitted was a forgery. As a result, China National Technical Import Corporation filed a suit with the Shanghai Municipal Intermediate People's Court.

The Shanghai Municipal Intermediate People's Court argued that the evidence presented by China National Technical Import Corporation proved that Swiss Industrial Resources Corporation had cheated the plaintiff of a huge sum of money by using a contract, and had caused it to suffer serious losses. Swiss Industrial Resources Corporation was therefore held liable for infringement of rights. It passed a judgment requiring Swiss Industrial Resources Corporation to pay back to China National Technical Import Corporation the money for the steel products, and to compensate it for bank interest on the money, operational losses, and other related expenses.

Swiss Industrial Resources Corporation appealed the verdict. In accordance with the law, the Shanghai Municipal Higher People's Court set up a collegiate bench to hear the case, and confirmed that Swiss Industrial Resources Corporation had used a contract to cheat China National Technical Import Corporation of a huge sum of money. It held that this is not a case of dispute concerning rights or obligation laid out in a contract but one concerning compensation for damage caused by infringement of rights. According to Articles 185 and 22 of the Civil Procedural Law (Trial) of the People's Republic of China, the court that originally heard the case has jurisdiction. This case involved compensation for damage caused by infringement of rights, resulting from an act of deception. The defendant not only has to pay the money back to the plaintiff, but also compensate other serious losses suffered by the plaintiff because of the infringement. The court that originally heard the case has not erred in its judgment.

Liabilities Companies Conduct Lucrative Business
OW2110192688 Beijing XINHUA in English
1218 GMT 21 Oct 88

[Text] Shanghai, October 21 (XINHUA)—Liabilities companies are making their debut in a number of Chinese provinces and cities as legal disputes between enterprises over payment of debts pile up.

Shanghai and Zhenjiang Cities, and Guangdong, Henan and Liaoning Provinces are places where liabilities companies are doing a lucrative business.

One liabilities company in Shanghai has handled 60 cases involving a total of 10 million yuan (about 2.8 million U.S. dollars) since its founding in June.

The total amount of corporate debts in China has hit 70 billion yuan in recent years, seriously obstructing the circulation and utilization of capital.

In the past, Chinese creditors and debtors usually preferred out-of-court settlements whenever disputes flared up.

Agricultural Bank Curtails Small Rural Loans
OW2210064988 Beijing XINHUA in English
0734 GMT 21 Oct 88

[Text] Beijing, October 21 (XINHUA)—The Agricultural Bank of China (ABC) is curtailing loans to small and non-profitable factories because the total money earmarked for loans has been cut by half from 1 billion to 500 million yuan.

Fan Honggen, an official of ABC's Industrial Credit Department, told "CHINA DAILY" that this was part of the present drive to control lending to township enterprises.

ABC will continue supporting enterprises which export products, major enterprises which produce goods under state planning, and enterprises which have cooperation deals with large state-run units, he said.

Loans will be granted to projects involved in energy and telecommunications and to enterprises in major coastal provinces such as Guangdong, Guangxi, and Zhejiang.

ABC has increased loans to township enterprises over the past 2 years. According to Fan, in 1986, it granted 4.2 billion yuan in loans to 7,800 township enterprises, of which 2.8 billion yuan went to enterprises that export products.

In 1987, about 7.8 billion yuan were loaned to more than 10,000 enterprises.

However, a considerable amount of loans went to some small and unprofitable enterprises without yielding satisfactory economic results, Fan said.

The bank has therefore decided to cut such loans, especially to enterprises engaged in liquor, cotton, textile, and plastic processing production.

ABC will give no loans to coal mines and ore mines which have no legal business licences, said Fan.

Some loans already granted to those enterprises, which overstock raw materials or suffer losses, will be recalled, he added.

Nonstaple Food Production Bases Doing Well
OW2110193388 Beijing XINHUA in English
1141 GMT 21 Oct 88

[Text] Beijing, October 21 (XINHUA)—Residents in Beijing, Tianjin and Shanghai, China's three municipalities directly under the central government, can have more pigs, chicken and eggs as food this year, according to the statistics from the Ministry of Agriculture.

The statistics show that the newly-established nonstaple bases in the three municipalities can increase 2.9 million pigs, and 12 million chickens and egg chickens, 50 percent more than last year.

As there happened in the latter half of last year an insufficient supply of nonstaple food across the country, the three municipalities rationed nonstaple food supply among their residents.

To restore and stabilize the nonstaple food supply, the Chinese Government decided to conduct a three-year construction of the nonstaple food bases in these three municipalities.

The government allots every year more than one million tons of state-price grain and some loans for the bases. The three municipalities have raised by themselves 330 million yuan.

The construction of such bases has gone on well. More than 6,600 bases, big and small, in the three municipalities have been built.

Another 125 pig and chicken farms have gone into production. Beijing has built 1,200 pig farms, each of which can raise over 1,000 pigs, and Tianjin has enlarged or set up over 5,200 state-run, collectively-owned or family-owned pig farms.

Ministry To Issue Residence Cards for Farmers
OW2110200588 Beijing XINHUA in English
1036 GMT 21 Oct 88

[Text] Beijing, October 21 (XINHUA)—Officials from the Ministry of Agriculture have given their support to the decision to grant residence cards to farmers who have opened their own factories or invested in enterprises in the urban districts of Botou, Hebei Province, "CHINA YOUTH NEWS" reported today.

As the first city in China to issue residence cards to farmers, the local government has approved 839 registrations, which include 540 factory owners, 60 investors and 222 engineers.

Residence cards are issued to all urban residents to control the influx of people into cities. With the residence cards, people living in urban districts are provided with food rationing cards, jobs, schooling for their children and other privileges.

With the development of market economy in recent years, an increasing number of farmers left the countryside to find jobs in industrial enterprises or to open their own shops in cities. But this conflicted with the issuing of residence cards only to urban residents.

East Region

Lu Rongjing Attends Anhui Party Meeting *OW2110225088 Hefei Anhui Provincial Service in Mandarin 1100 GMT 19 Oct 88*

[Text] The Ninth Plenary Session of the Fourth Anhui Provincial CPC Committee opened in Hefei on 19 October. The session is a very important meeting for Anhui Province. Its primary task is to convey and study the guidelines of the 3d Plenary Session of the 13th CPC Central Committee, and to discuss how to implement these guidelines. At the same time, it will hold a by-election to fill vacant positions in the provincial party committee in accordance with the CPC Constitution.

Seated on the rostrum were Lu Rongjing, Fu Xishou, Meng Fulin, Yang Yongliang, Liu Guangcai, Wang Shengjun, Shi Lei and Shao Ming. Lu Rongjing, secretary of the provincial party committee, presided over this morning's meeting.

Comrade Lu Rongjing pointed out: Whether we can implement well the guidelines of the 3d Plenary Session of the 13th CPC Central Committee in Anhui Province will depend on how well we will convene this meeting. I hope that all participants will concentrate on seriously studying the party documents, understand their guidelines, discuss the measures for implementing the guidelines in consideration of our reality, and convene the meeting well.

Comrade Lu Rongjing conveyed to the meeting relevant documents of the 3d Plenary Session of the 13th CPC Central Committee and the Central Work Conference. Fu Xishou and Yang Yongliang, deputy secretaries of the provincial party committee, also conveyed to the provincial meeting relevant documents of the two central meetings.

Present at the meeting as non-voting delegates were members of the provincial Advisory Commission and the provincial Discipline Inspection Commission; responsible comrades of the provincial People's Congress Standing Committee, the provincial government and the provincial CPPCC Committee who are CPC members; responsible comrades of the Anhui Military District; former provincial leading comrades who are retired; principal responsible comrades of provincial departments, committees and bureaus; and principle responsible comrades of prefectures, cities, colleges, ministry-controlled enterprises in Anhui, counties and city districts. The meeting had a total attendance of 548.

Anhui's Lu Rongjing Meets CPPCC Members *OW2410132788 Hefei ANHUI RIBAO in Chinese 13 Sep 88 P 1*

[Excerpts] Lu Rongjing, secretary of the provincial party committee and provincial governor, presided over a discussion meeting in the afternoon of 11 September to

hear the views and suggestions of members of the CPPCC National Committee who were on an inspection tour of Anhui Province. Attending the meeting were Shi Junjie, chairman of the Anhui Provincial CPPCC Committee; Fu Xishou, deputy secretary of the provincial party committee and vice governor; and Meng Fulin, deputy secretary of the provincial party committee.

Accompanied by Xu Leyi, vice chairman of the provincial CPPCC Committee, the CPPCC National Committee's inspection group to Anhui successively inspected agriculture, forestry production, and education in southern Anhui and heard reports by responsible comrades of the Xuancheng Prefectural Party Committee, the Huangshan City Party Committee, the Shexian County Party Committee, and the Jingxian County Party Committee. [passage omitted]

Lu Rongjing spoke at the end of the discussion meeting. First of all, he expressed sincere appreciation on behalf of the Provincial Party Committee and the Provincial Government for the suggestions and views put forward by the CPPCC National Committee members. He said: Some of the views and suggestions put forward by everyone here touch on strategic planning, work style, and management level. They show sound judgment and are to the point. We'll study them carefully to make improvements. He hoped that CPPCC members will make frequent inspection tours of Anhui to give us more help and support.

Also attending the discussion meeting were Xu Leyi, Guang Renhong, and Teng Maotong, vice chairmen of the Anhui Provincial CPPCC Committee; Yin Shuxun, its acting secretary-general; and Zhang Binglun, head of the United Front Work Department of the Provincial Party Committee.

The inspection group returned to Beijing on 12 September.

Chen Guangyi Addresses Fujian Party Meeting *OW2410025588 Fuzhou FUJIAN RIBAO in Chinese 10 Oct 88 P 1*

[Excerpts] The Fujian Provincial CPC Committee held an enlarged meeting of its Standing Committee from 5 to 8 October. The meeting conveyed and studied the guidelines of the 3d Plenary Session of the 13th CPC Central Committee and discussed Fujian Province's basic demands, requirements and measures for improving economic environment, rectifying economic order and deepening the reform in an all-around way.

Comrade Chen Guangyi conveyed to the meeting the guidelines of the 3d Plenary Session of the 13th CPC Central Committee and put forward his preliminary opinion on how to implement the guidelines. Other speakers included Comrades Wang Zhaoguo, Hu Hong and Cheng Xu, Standing Committee members of the

provincial party committee, Standing Committee members of the provincial Advisory Committee, the vice chairmen of the provincial People's Congress Standing Committee who are CPC members, vice governors of Fujian Province, the vice chairmen of the provincial CPPCC Committee who are CPC members, and responsible comrades of various provincial departments concerned. They also discussed their understanding and views.

The major task of the enlarged meeting was to unify thinking. Study and discussion at the meeting have made the participants understand more about the current national and provincial economic situations and about the importance of the policy decisions made by the Central Committee at a crucial time. They have raised their awareness of the need to implement to guidelines of the 3d Plenary Session of the 13th CPC Central Committee. The participants held: In Fujian Province, like in other parts of the country, the overall economic situation is good, but there are also many difficulties and problems. The conspicuous problems are excessively rapid economic growth, inflation, and excessive commodity price increase. In order to rationalize the prices and bring about a steady and sound economic development, it is essential to adhere to the Central Committee's policy decisions, uphold the general orientation of reform and opening to the outside world, and be determined to put the stress of reform and construction on improving economic environment and rectifying economic order in the next 2 years. [passage omitted]

The meeting emphasized: It is necessary to pay attention to current production and do a good job in market supply. It is necessary to show concern for the well-being of the masses and to pay particular attention to ensuring nonstaple food supply. It is necessary to attach importance to grain production and winter farming. It is necessary to strive to increase the supply of agricultural and sideline products, marketable light industry and textile goods, energy and raw and processed materials. [passage omitted]

In order to convey the central guidelines to all prefectures and counties in a timely manner and to enable the whole province to know how to implement them, the meeting decided that the Fourth Fujian Provincial CPC Committee shall hold its ninth enlarged meeting on 17 October.

The meeting emphatically pointed out: In the 10 years since the 3d Plenary Session of the 11th CPC Central Committee, Fujian Province has made great achievements in reform and opening to the outside world. At present, we should seriously sum up experience, firm up our confidence in the reform, further strengthen the party leadership, conscientiously solve problems, and continue to push reform and construction forward.

Fujian Province To Expand 'Export-Led Economy'
OW2110214188 Beijing XINHUA in English
1518 GMT 21 Oct 88

[Text] Fuzhou, October 21 (XINHUA)—Fujian provincial leaders Chen Guangyi and Wang Zhaoquo today pledged to open Fujian wider to the outside world in the course of improving Fujian's economic environment.

According to the leaders, Fujian registered a 30 percent rise in industrial production in the first nine months of this year, resulting in all-round strains in funds, raw materials and transport.

"We shall persist in opening to the rest of the world and expanding an export-led economy," Chen Guangyi, secretary of the provincial committee of the Chinese Communist Party, told a plenary session of the provincial party committee that closed here today.

According to Chen, cooling Fujian's overheated economy and checking inflation will help reduce costs of Fujian-produced goods for export, improve economic results of foreign-funded enterprises and push forward the growth of an export-oriented economy.

In his speech, Fujian provincial Governor Wang Zhaoquo said the screening of investment in fixed assets will concentrate on cutting back on non-productive and redundant processing projects.

"We shall ensure construction of export-oriented projects, foreign-funded enterprises, and projects in transport, communications and energy sectors," he told the session.

He vowed to accelerate construction of the Xiamen Special Economic Zone, the Mawei Economic Development Zone in the provincial capital of Fuzhou and coastal open areas.

To this end, efforts will be made to attract more foreign funds, import technology and export more labor services so that more foreign-funded enterprises, especially wholly foreign-owned ones, will be set up in Fujian.

Fujian plans to borrow more foreign governmental loans to step up its infrastructural construction, and import technology and managerial expertise to expand technology-intensive industries, Wang said.

"With regard to Sino-foreign joint ventures on which contracts have been signed, we must honor the contracts, with the exception of a few," he said.

Han Peixin Visits Jiangsu Trade Union Delegates
OW2210225188 Nanjing Jiangsu Provincial Service
in Mandarin 2300 GMT 18 Oct 88

[Text] A 108-member delegation headed by Chen Peiliang, chairman of the Jiangsu Provincial Trade Union Council, departed Nanjing for Beijing by train last evening to attend the forthcoming national congress of Chinese trade unions.

Prior to their departure, Han Peixin, Gu Xiulian, Fu Hao, Li Zhizhong, (Zhang Chenghuan), Cao Keming, (Gao Difang) and other leading comrades visited the delegates at Hongqiao Hotel in Nanjing.

Comrade Han Peixin urged the delegates to achieve the following three objectives:

First, earnestly study, convey, and implement the guidelines set forth by the 3d Plenary Session of the 13th CPC Central Committee, and the Central Work Conference;

Second, bring back to Jiangsu the guidelines set forth by the national congress of Chinese trade unions, and do a good job in studying and implementing them; and

Third, regard reform as the main project, implement the Enterprise Law, and make efforts to mobilize the vast number of workers and trade union personnel to take active part in cleaning up Jiangsu's economic environment, improving economic order, and contributing to deepening reform.

Meeting on Economic Order Held in Jiangxi 15 Oct
OW2410090088 Nanchang Jiangxi Provincial Service
in Mandarin 1100 GMT 15 Oct 88

[Text] The provincial people's government held a meeting of all its component personnel today. The meeting was held to convey the guidelines of the 3d Plenary Session of the 13th CPC Central Committee and the enlarged 7th plenary session of the 8th provincial CPC Committee and call on all departments directly under the province to immediately do the work well for the remaining 2 months of this year so as to lay a solid foundation for next year's work in improving the economic environment, rectifying economic order, and deepening reform in all fields.

Jiang Zhuping, deputy secretary of the provincial party committee and vice governor, presided at and addressed the meeting.

The meeting stressed the necessity to improve the economic environment, rectify economic order, and adhere to the general orientation of reform and opening to the outside world. The need to develop the productive forces should always be the first thing considered by us when deciding on anything and always the criterion with which to assess our work in all fields. There must be no

vacillation whatsoever about this point. The only purpose in improving the economic environment, rectifying economic order, and strengthening macroeconomic control is to create favorable conditions for productive forces development.

Our current task is to persist in pushing the various reform and open-policy measures designed to promote economic development and solve the problems of inflation and excessive price increases with determined efforts so as to progress in reform and construction. In order to change the given poor economic foundation in our province, we should change this situation by using the reform and open policy to push for development and speed up developing the productive forces. We should persist in focusing attention on increasing economic results, and, on this basis, maintain an appropriate growth rate that will remain long and stable. We must refrain from the impractical practice of trying to catch up with others and, instead, should carry forward the enterprising spirit of aiming high. Confusion in the circulation fields must be cleared up and markets must be developed. Particularly because of our province's close proximity to the coastal areas, we should coordinate still more closely with these areas in carrying out our reform and economic development measures in order to implement the strategic plan for economic development in the coastal areas. The scope of fixed assets investment must be strictly limited. Projects now under construction—particularly non-productive projects, modern office buildings, auditoriums and guest houses—must be checked out to stop or postpone those projects that should be stopped or postponed and continue those projects that are needed so as to concentrate our resources on the construction of key projects and further enhance our province's economic development potential.

The meeting noted that the current central task for the province as a whole is to disseminate and implement the 3d Session of the 13th CPC Central Committee's guidelines. Particularly, attention should be focused on cadres' study efforts at the provincial department and bureau level and section level. No matter how busy a department may be, a certain period of time must be set aside for its personnel to study the guidelines. The print media, radio, television, publishing and literary and art departments should vigorously create public opinion. By disseminating, studying, and propagating the guidelines of party Central Committee and provincial party committee meetings, it is hoped that provincial governments and departments at all levels will be united in a common effort to implement these guidelines and will unite their thinking on the basis of the guidelines of the 3d Session of the 13th CPC Central Committee and the Central Work Conference, deeply understand the importance of and pressing need for improving the economic environment and rectifying economic order, firmly foster the concept of the whole situation to subject the local interests to the interests of the whole situation, [words indistinct], further enforce discipline and push development of reform and construction in our province.

The meeting called on the various departments directly under the province to continue to pay attention first to the present by doing good work in the 4th quarter; strictly prevent excessive growth of the consumption fund and fixed assets investment; put things in order with regard to projects now under construction; manage well finance and banking to stabilize it; seriously carry out the general inspection of tax revenue, finance accounting, and prices; straighten things out in regard to wages; take punitive actions against speculations involving officials; pay attention to supplementary reforms with emphasis on those reforms that will have a greater impact on improving the economic environment and rectifying economic order; carefully organize for production and construction with attention focused on the following six aspects: 1. organize well for the development of [words indistinct] this winter and next spring; 2. vigorously increase the production of consumer goods and raw materials that are in great demand; 3. step up construction of key projects to make sure those scheduled for completion this year will be ready for operation in good time to enhance production capability; 4. make good arrangements for the market and people's daily life and early arrangements for the supply of materials during the two festivals of the New Year's Day and Spring Festival; 5. deepen the campaign to increase production, practice economy, increase revenue, and retrench expenditure aiming to overfulfill the revenue plan and increase this year's revenue by 400 million yuan more than last year. 6. make good preparations concerning planning, materials, and equipment repairs for next year's production in order to give next year's production a good start.

Qin Jiwei Praises Shandong's Education in Defense
*OW2210091888 Beijing XINHUA Domestic Service
in Chinese 0814 GMT 14 Oct 88*

[By reporter Wang Zhiyun and correspondent Gao Jianzhong]

[Excerpts] Jinan, 14 Oct (XINHUA)—In conducting education in national defense among all the people, Shandong has formed, step-by-step, propaganda; civil affairs; education; people's armed forces departments; and local army units into a "five-in-one" leadership system, thus organizationally and systematically guaranteeing the widespread and thorough development of Shandong's defense education. [passage omitted]

According to statistics, since 1986, Shandong units at and above county level have jointly sponsored over 670 defense education coordination meetings, seminars, and discussion meetings and launched over 3,900 activities publicizing elementary knowledge about national defense. In addition, all departments at all levels have often sponsored "defense knowledge contests" and

"great wall of steel and national defense" report meetings, opened defense education courses in party schools, colleges, and middle and primary schools, and encouraged students to join military training activities. [passage omitted]

Thanks to the organization and guidance of the "five-in-one" defense education leadership system, national defense education in Shandong as a whole has gone deep into the minds of the people and is welcomed by the masses. Since last year, the Jinan City Party Committee Propaganda Department and departments concerned have sponsored the "Defense Cup," "Great Wall Cup," and "Jinan Steel Cup" defense knowledge contests one after another. Over 90,000 people joined the contests, and the response has been big. Report meetings on the PLA's heroic and model deeds sponsored by the propaganda and civil affairs departments of Qingdao, Jining, Zibo, and Dezhou Cities in the past few years have attracted millions of the masses. In some places, whole towns turned out to attend report meetings, and the deeds of the heroes and models became the talk of the town. [passage omitted]

Shandong's thorough and widespread development of defense education has further promoted the glorious traditions of cherishing the motherland and supporting the Army in urban and rural areas. People have an intense interest in supporting and joining the Army, building reserve forces, and training dual-purpose qualified personnel. Since 1985, the rate of joining the Army by young people old enough to do so has been above 95 percent each year; Shandong's 15 cities and prefectures have all colorfully fulfilled their conscription tasks. [passage omitted]

Shandong people's practical activities of cherishing the motherland and supporting the Army are warmly praised by the vast number of commanders and fighters of the PLA units. After recently viewing Shandong's experience, Defense Minister Qin Jiwei pointed out: "Shandong and Jinan Military Regions have done defense education work well. Their experience merits spreading."

Liang Buting Attends Shandong Trade Fair Opening
*SK2310103088 Jinan Shandong Provincial Service
in Mandarin 2300 GMT 22 Oct 88*

[Text] Shandong Province's trade fair of famous trademark commodities, fine quality and speciality goods, and fresh products opened in the provincial exhibition hall on the afternoon of 22 October.

The trade fair is being held in conjunction with the 1988 national urban sports games. The products on display are chiefly daily consumer goods turned out by the light, textile, and electronic industries; tourist souvenirs;

sporting goods; and new scientific research results—more than 6,000 commodities of various kinds and more than 90 scientific research results in total.

During the trade fair, the province will also sponsor economic and trade talks and technological exchanges so as to develop the province's program of economic and technical cooperation with foreign or domestic units to promote the better development of science and technology throughout the province.

Cutting the ribbon for the opening of the trade fair were Li Menghua, minister of physical culture and sports; Liang Buting, secretary of the provincial party committee; and Su Yiran, chairman of the provincial Advisory Commission.

Attending the opening ceremony of the trade fair were He Zhenliang and Yuan Weimin, vice ministers of physical culture and sports; Chen Xian and Xia Xiang, vice chairmen of the All-China Sports Federation; and leading comrades from the provincial organs, including Lu Maozeng, Jiang Chunyun, He Guoqiang, Wang Jinshan, Li Farong, Zhao Zihao, Li Chunping, and Li Zichao. Along with a number of model workers, combat heroes, and representatives of outstanding athletes, the officials viewed the exhibition.

Jiang Zemin Rushes to Shanghai Refinery Explosion
OW2210141188 Beijing XINHUA in English
1308 GMT 22 Oct 88

[Text] Shanghai, October 22 (XINHUA)—An explosion killed 25 people and injured 16 others at a refinery of the Gaoqiao petrochemical company here today.

Most of the victims were construction workers from outside Shanghai, a company official said.

Jiang Zemin, secretary of the Shanghai Municipal Committee of the Chinese Communist Party, and Shanghai Mayor Zhu Rongji rushed to the scene to direct the rescue work and called on the injured workers at a hospital.

Production is now back to normal and the cause of the accident is being investigated, the official said.

Central-South Region

Guangdong's Shenzhen Encourages Students' Return
OW2110213688 Beijing XINHUA in English
1535 GMT 21 Oct 88

[Text] Shenzhen, October 21 (XINHUA)—Shenzhen City in Guangdong Province published today 17 articles of temporary provisions aimed at encouraging more students to return from other parts of China to work in the city.

At a news briefing today, Zhu Yuening, vice mayor of the city, also pledged that returned students who are willing to work in his city will enjoy more preferential terms than they do in other parts of the country.

In the past several years, more than 100 students have returned to work in the city.

Shenzhen was the first city to be assigned in 1980 as a special economic zone to pilot the country's reform.

Guangdong's Shenzhen To Reveal Officials' Incomes
OW2310031688 Beijing XINHUA in English
0234 GMT 23 Oct 88

[Text] Shenzhen, October 23 (XINHUA)—Shenzhen City in south China's Guangdong Province is to try out a system of making known to the public the incomes of party and government officials.

The decision was made known in a circular issued recently by the Shenzhen City Committee of the Chinese Communist Party and the Shenzhen People's Government.

According to the circular, party and government officials at city level should report at the required time to the city supervision bureau their incomes, including bonuses, dividends, subsidies and other payments.

The city supervision bureau is authorized to make public the income situation of those officials.

A local official explained that this is the first step in efforts to gradually make known to the public the property, revenues and expenditures of party and governmental officials in order to promote the clean and honest government.

Bank's Deposits in Guangdong Economic Zone Soar
HK2410103988 Hong Kong AFP in English
1002 GMT 24 Oct 88

[Text] Zhuhai, China, Oct 24 (AFP)—Industrial and Commercial Bank of China's deposits in Zhuhai soared 113 per cent from a year earlier to 980 million yuan (265 million dollars) in the nine months to September, a newspaper reported.

The official ZHUHAI SPECIAL ZONE NEWS said retail deposits in the area rose 55 per cent to 310 million yuan (84 million dollars) while company deposits grew 165 per cent to 610 million yuan (165 million dollars) in the period.

The increase followed a promotion campaign, the establishment of new services and an expansion of the bank's computer network to facilitate transactions between local branches, the newspaper said.

The country's largest commercial bank also introduced the "contract responsibility" system for staff working in the special economic zone adjoining the Portuguese enclave of Macao in southern China. The system, gradually being implemented nationwide, allows staff to earn bonuses above specified quotas.

Loans grew 51 per cent to 1,450 million yuan (392 million dollars) during the nine months although the bank signalled a slowdown in new lending.

"Credit is being tightened under central guidelines and the structure of loans is being adjusted to favour profitable concerns and cut lending to those companies incurring losses," the newspaper said.

A recent bank survey on the performance of 500 corporate borrowers has led to the introduction of different lending strategies, it added.

The report made no mention of heavy withdrawals in August when consumer concern towards inflation led to panic buying of goods in several cities.

But one Chinese banker here noted that Zhuhai was less likely to be affected by such waves of national consumer sentiment as the price structure of special economic zones was already different from the rest of the country.

China has four such experimental areas, all located in the south of the country. The others are in Shenzhen, Xiamen and Shantou.

First Hainan CYL Congress Opens 21 Oct
*HK2210013188 Haikou Hainan Provincial Service
in Mandarin 2300 GMT 21 Oct 88*

[Excerpts] The first Hainan Provincial CYL Congress opened in Haikou on 21 October. The congress called on CYL and young people throughout the province to emancipate their minds, struggle with arduous efforts, and contribute their youth to creating a new situation in building up the Hainan special zone.

Leading comrades of the province including Xu Shijie, Liang Xiang, Liu Jianfeng, Yao Wenxu, Wei Zefang, Cao Wenhua, Xin Yejiang, and Dong Fanyuan attended the opening of the congress. [passage omitted]

(Jiao Ruohai), leader of the preparatory group for the establishment of the provincial CYL committee, delivered a work report. He said: The tasks of CYL work in Hainan are to lead young people to boldly develop the productive forces and cultivate and forge a generation of new people in the course of building the Hainan special zone. The general goal of building and reforming the CYL is to build the CYL organizations in Hainan into mass organizations of advanced youth with explicit functions, stable ranks, internal democracy, and lively

grass roots, possessing a certain political, economic, and legal status, being capable of representing and protecting the interests of young people, and truly gaining their trust. [passage omitted]

Henan Governor on Tapping Financial Resources
*OW2410014188 Beijing XINHUA Domestic Service
in Chinese 1630 GMT 17 Oct 88*

[Newsletter by XINHUA reporter Ji Shifa and XINHUA correspondent Chen Yimin: "The Governor's Acumen in Money Matters"]

[Text] Zhengzhou, 17 Oct (XINHUA)—At a meeting held on 12 October to discuss Henan Province's financial work, officials of prefectural and municipal banks and relevant departments and bureaus unanimously reported that they were plagued by tight money supply. Cheng Weigao, governor of Henan, stood up and said: "It is a fact that there is a tight money supply; but how about our potential? Let us figure it out."

Eager to hear what the governor had to say, the department and bureau chiefs, prefectural commissioners, mayors, and bank governors at the meeting immediately pricked up their ears. Then, the governor began:

"Because of the tightening of money supply in recent months after several years of easing of cash control, some enterprises do not want to put their money in banks and prefer to keep the money themselves instead. It is reported that in one area, two enterprises have each had at least 200,000 yuan of cash; but for the sake of their own convenience, they have assigned several people to watch the money by turns. According to relevant departments, there should be at least 3 billion yuan of such ready cash being kept by various units in Henan. I do not think it should be a problem to recover 600 to 700 million yuan of such money through intensifying cash control and inspection. This is one resource we can tap."

"Owing to the public's panic buying in recent months, many people have withdrawn their savings from banks; but these people have really not spent all their money buying things. People in Henan should have at least 10 billion yuan of idle cash in their hands. If our banks follow the examples of Dengxian and Gushi Counties, which have done a good job in educating the people to put money in banks, I don't think it will be too difficult for us to attract 1 billion yuan of savings during the fourth quarter this year. This is another resource."

"Third, banks in Henan have at least 4 billion yuan of outstanding loans which are either delinquent or due. If our banks take administrative, economic, or legal actions to press for their repayment within a deadline, it is entirely possible to recover 1 billion yuan."

"Fourth, banks should take decisive steps to cut the amount of loans for credit cooperatives in urban and rural areas. Such loans during the first 9 months this year

increased by more than 2.6 billion, or 1.5 billion more than their own reserves. This was actually one way of taking away part of our banks' capital. This being the case, it is entirely justified for banks to press the credit cooperatives to pay back at least 1 billion yuan."

"Another big resource lies in enterprises' questionable capital. Statistics show that there is as much as 4 billion yuan of such money. If we can recover 1 billion yuan of such funds and make an extra 1 billion yuan or so by exporting cotton, tobacco, and food grain, won't we have an additional 2 billion yuan or so at our disposal?"

At this point, Cheng Weigao began to use his fingers to add up all the recoverable amount of money and said: "The money I have just mentioned amounts to 5 or 6 billion yuan. Isn't this a big sum with which we can solve a lot of problems?"

By this time many attendees were whispering among themselves, saying: Governor Cheng is really keen on calculating. It seems that we should look downward, explore resources from tapping our potential, and solve our problems by encouraging people to put their money in banks.

Hunan Governor Commends Meritorious Persons
*OW2410001988 Beijing XINHUA Domestic Service
in Chinese 0219 GMT 20 Oct 88*

[By reporter Liu Min]

[Text] Changsha, 20 Oct (XINHUA)— Sixty-three advanced collectives, 59 model workers and 81 advanced individuals that made outstanding contributions to combatting floods in Hunan Province this year were ceremoniously commended by the Hunan provincial people's government in Changsha yesterday morning.

Exceptionally serious autumn floods occurred in the Dongting Hu region and in the Yuanshui and Zishui valleys this year. Some 20,000 cadres and more than 1.6 million people in the province waged a tenacious struggle against the floods. They successfully protected the dikes around the Dongting Hu, some large and medium-sized reservoirs in hilly regions and all cities and towns, reduced flood damage, and won an important victory in the struggle against floods. A large number of advanced collectives and advanced and model persons emerged from among them. Xiong Qingquan, secretary of the Hunan Provincial CPC Committee and governor of Hunan Province, and other responsible comrades of party, government and Army organizations issued awards in the form of silk banners and certificates of commendation to the advanced collectives and individuals that won honor titles in connection with the anti-flood struggle.

Southwest Region

Sichuan's Yang at Ceremony for Olympic Athletes
*HK2410025788 Chengdu Sichuan Provincial Service
in Mandarin 2300 GMT 23 Oct 88*

[Excerpt] The provincial government held a solemn gathering on 23 October to congratulate Sichuan athletes who took part in the Olympic Games. Leading comrades of the province including Yang Rudai, He Haoju, Liao Bokang, and Xie Shijie attended. Vice Governor Han Bangyan presided. [passage omitted]

Yunnan Congress Deputies Discuss Plenum Spirit
*HK2110135388 Kunming Yunnan Provincial Service
in Mandarin 1100 GMT 20 Oct 88*

[Excerpts] The Standing Committee of the provincial People's Congress summoned Kunming NPC deputies and deputies from the provincial People's Congress to a meeting on 18 and 19 October to study and discuss the spirit of the 3d Plenary Session of the 13th CPC Central Committee.

Standing Committee Chairman Li Guiying chaired the meeting and Nie Ronggui, deputy secretary of the Yunnan Provincial CPC Committee, attended and addressed the meeting. In his speech, Nie Ronggui hoped that the People's Congress would give full play to the role of an organ through which the people exercise state power. He also hoped that it would fully exercise its democratic rights in order to ensure that the policy set forward at the 3d Plenary Session on improving the economic environment, rectifying the economic order, and deepening the reforms in an all-around way, and related measures, is implemented. [passage omitted]

Before closing the meeting Chairman Li Guiying summarized the suggestions put forward by deputies into five points: 1) Members of peoples congresses at all levels should conscientiously study and fully understand the spirit of the documents relating to the 3d Plenary Session of the 13th CPC Central Committee, and achieve unity in our thought and the thought of cadres and the masses according to the spirit; 2) In improving the economic environment and rectifying the economic order the role of people's congresses must be brought into full play in supervising law enforcement. Legislation and enforcement of the law are aimed at safeguarding and promoting smooth progress in reform and socialist socialist economic construction. Some departments and units ignore economic regulations in economic activities. They only mind their own interests and do not care about the overall interests. They do not observe the law, fail to strictly enforce the law, disobey orders, and defy prohibitions. A few people especially use their power to avail themselves of loopholes in the double-track pricing system to obtain large amounts of ill-gotten wealth. The people hate the confusion in the circulation field. Hence, it is very important for us to strengthen supervision over

law enforcement; [passage omitted] 3) Deputies of people's congresses must immediately be organized for inspection visits to different places to examine implementation of the spirit of the 3d Plenary Session, with the focus on curtailing investment in capital construction, stopping construction of office buildings, large halls, and guest houses, straightening out companies, and the price problem. 4) The Third Session of the provincial People's Congress Standing Committee must earnestly listen to and examine the work reports to be made by the provincial people's government on improving the economic environment and rectifying the economic order, and strengthen supervision over implementation of the policy by the provincial people's government. 5) Deputies of people's congresses must set an example and be strict with themselves. [passage omitted]

Yunnan To Act on 'Screening' Enterprises
*HK2210014788 Kunming Yunnan Provincial Service
in Mandarin 1100 GMT 21 Oct 88*

[Excerpts] The Yunnan Provincial CPC Committee and government yesterday held a mobilization meeting of the provincial organs to screen and straighten out companies. Vice Governor Jin Renqing, head of the provincial leadership group for screening and straightening out companies, made a speech. [passage omitted]

Jin Renqing said that, along with the whole country, Yunnan has set up large numbers of companies of all types in recent years. The total number now exceeds 5,700. Many of them have played a positive role in invigorating circulation and promoting economic development. However, in quite a number of them there is no separation of government and enterprise functions and of officials and businessmen, and they engage in speculation in search of huge profits, thus harming the interests of the state and the people. Hence, we must enhance understanding of the importance of screening and straightening out companies, and get a good grasp of this work.

The main focus of this screening is new companies established since the second half of 1986. Companies established before then that have engaged in illegal operations must also be screened. [passage omitted]

Governor He Zhiqiang presided at the meeting, and put forward the following demands: 1) All localities must speed up the work and complete the work of screening and straightening out companies on schedule. 2) All localities must carry out the work in line with the State Council's relevant regulations. People are not allowed to do it their own way. 3) It is necessary to resolutely investigate and deal with violations of law and discipline, especially cases of official profiteering. 4) Get a good grasp of major and important cases and deal with them as soon as possible. [passage omitted]

North Region

Beijing's Li Ximing Meets With Secretaries
*SK2210115188 Beijing BEIJING RIBAO
in Chinese 4 Oct 88 p 1*

[Text] "To ensure the smooth fulfillment of the tasks of improving the economic environment, rectifying economic order, and deepening reform, we must ceaselessly strengthen and improve the work of grass-roots party branches and bring into full play party organizations' role as a fighting force and party members' exemplary vanguard role. This is the source of strength." This requirement was especially stressed by Li Ximing, secretary of the municipal party committee, at a garden party activity attended by representatives of advanced party branches and outstanding party members held at the Beijing tourist garden on the morning of 3 October.

Li Ximing said: Over the past 10 years, we have scored gigantic achievements in reform and opening to the outside world. Changes have taken place in all fields.

To meet the demands of the new situation, many comrades who were engaged in grassroots party branch work have made achievements. However, some comrades considered the ideological and political work a greatly difficult job and felt depressed. The 3d Plenary Session of the 13th CPC Central Committee put forward that the party building should be enhanced and the fighting capacity of party organizations should be raised through the practices of improving the economic environment, rectifying economic order, and deepening reform; and the matters that the people worry about should be placed on the work agenda for further solution. Over the course of transforming the product economy into the commodity economy, our ideological and political work and the work of grass-roots party branches should be improved to suit the requirements of reform and opening to the outside world. The course of reform is extremely arduous. At present, we should especially stress the party's role as the core of leadership. Party organizations' role as a fighting force and party members' exemplary vanguard role must be strengthened, not weakened. The more deepened reform is, the more necessary these two roles should be well played.

Li Ximing gave regards to secretaries of grass-roots party branches and outstanding party members who engage in their work industriously, praised them for creating many good experiences in ideological and political work, and called them unknown heroes. He urged that party organizations at various levels should ceaselessly summarize and exchange good experiences in this regard, further extensively unite the masses over the course of reform and construction, and strive to make new achievements in their work.

Xu Weicheng and Wang Jialiu, deputy secretaries of the municipal party committee; and Zhang Jianmin, member of the Standing Committee of the municipal party

committee and vice mayor in charge of day-to-day work, spoke during the activities. Li Qiyan, deputy secretary of the municipal party committee; and Yuan Liben, member of the Standing Committee of the municipal party committee, were present. Amid the cordial atmosphere, leading comrades, including Li Ximing, had a heart-to-heart talk with all participants and extended festive greetings to each other.

The Beijing tourist garden on 3 October was permeated with joy. More than 30,000 secretaries and outstanding party members from party branches on all fronts attended the activity.

The garden party activity was cosponsored by ZHIBU SHENGHUO [BRANCH LIFE] magazine agency in Beijing and the Beijing tourist garden corporation. The garden party activity will continue on 4 October.

Beijing CPC Plenary Session Opens 5 Oct
SK2410021088 Beijing BEIJING RIBAO
in Chinese 6 Oct 88 p 1

[Text] The Fourth (enlarged) Plenary Session of the Sixth Beijing Municipal CPC Committee opened on the morning of 5 October.

The main items on the agenda of the session are to relay the guidelines of the 3d Plenary Session of the 13th CPC Central Committee, and to examine and discuss the municipality's proposal for implementing the guidelines of the 3d Plenary Session of the 13th CPC Central Committee and the Central Work Conference.

The plenary session was presided over by Li Ximing, secretary of the municipal party committee. At the session, Li Ximing, Chen Xitong, Wang Jialiu, and Wu Yi relayed the guidelines of the 3d Plenary Session of the 13th CPC Central Committee and the Central Work Conference.

Also attending the session were Xu Weicheng and Li Qiyan, deputy secretaries of the municipal party committee; Wang Xian, chairman of the municipal Advisory Commission; Zhao Pengfei, chairman of the Standing Committee of the municipal People's Congress; Bai Jifu, chairman of the municipal CPPCC Committee; and Li Jinmin, Li Zhijian, and Yuan Liben, members of the Standing Committee of the municipal party committee. Present at the session were about 500 people, including members and alternate members of the municipal party committee; members and alternate members of the CPC Central Committee who are in Beijing; members of the municipal Advisory Commission and the municipal Discipline Inspection Commission; party-member vice chairmen of the municipal People's Congress Standing Committee and the municipal CPPCC Committee; district, county, and bureau (general company) party and government responsible persons; responsible persons of large plants subordinate to the municipality and the committees of universities and colleges; and principal

responsible persons of departments, commission, and offices under the municipal party committee, the municipal People's Congress Standing Committee, and the municipal government. Nonparty responsible persons of the Standing Committee of the municipal People's Congress, the municipal government, and the municipal CPPCC Committee attended the session as observers.

Group discussion meetings will be held on 6 October.

Li Peng Praises Farmers in Hebei's Xinle County
OW2210203188 Beijing XINHUA in English
1517 GMT 22 Oct 88

[Text] Beijing, October 22 (XINHUA)—Farmers in Xinle County, Hebei Province, have been praised by Premier Li Peng for opening up 10,000 hectares of wasteland with no investment from the government.

The premier called for work to spread the county's experience to other parts of the country while inspecting Xinle last June, today's "ECONOMIC DAILY" reported.

As a region subject to windstorms, the county has 12,600 hectares of sandy wasteland which can be exploited.

Arable farmland in the county shrank year by year with the growth of township-run industrial enterprises and a housing construction boom.

In all, 8,000 hectares of land in the region have been taken for non-agricultural production in the past three decades, with the result that 16 farmers share one hectare of farmland on average.

To reverse the trend, the county government has pursued a series of measures since 1984 to encourage farmers to open up wasteland.

Farmers can contract as much wasteland as they wish and build their own houses, plant trees and build farms on it at their own expense. The contract term ranges from 30 to 50 years.

They enjoy decisionmaking power in production. Their contracted farmland can be transferred and is inheritable.

The contractors will not hand in to the state any proportion of crops they plant within five or seven years from the first profit-making year.

Farmers may enter into groups to contract large tracts of wasteland for developing orchards and farms.

The newly-reclaimed fields in the county yielded about 27 million yuan in net income last year, a quarter of the county's earnings from agriculture, the paper said.

Wang Quan Addresses Inner Mongolia Nonparty Forum
SK2210031288 Hohhot Inner Mongolia Regional Service in Mandarin 1130 GMT 20 Oct 88

[Excerpts] The autonomous regional party committee sponsored consecutive forums from 17 to 20 October with the participation of nonparty personages and held discussions on how to implement the spirit of the 3d Plenary Session of the 13th CPC Central Committee throughout the region.

During the forums, responsible persons from various democratic parties and nonparty patriotic personages voiced their opinions freely, in which they pointed out that the guideline, policy, and measure set forth by the 3d Plenary Session of the 13th CPC Central Committee with regard to improving the economic environment, rectifying the economic order, and deepening the reform drive in an overall way totally accord with the region's actual situation. They contended that by resolutely implementing the guideline, policy, and measure we will certainly be able to create a good environment for the region's large-scale economic development. However, some participants expressed their concern over whether the guideline, policy, and measure set forth by the 3d Plenary Session of the 13th CPC Central Committee can be implemented in a down-to-earth manner by those where they are truly needed and can be implemented to deal with the crucial point of problems, and whether we can strictly run the party and strictly enforce party discipline in implementing them.

Attending the forums were Wang Qun, secretary of the autonomous regional party committee, and Bu He and Batubagen, deputy secretaries of the autonomous regional party committee.

During the forums, Comrade Wang Quan delivered a speech in which he stated: Implementing the spirit of the 3d Plenary Session of the 13th CPC Central Committee represents our common task which can be fulfilled by depending on our common efforts. He urged various democratic parties and nonparty patriotic personages to actively join in the work of improving the economic environment and rectifying the economic order and the task of supervising the work done by party and government organs in overcoming or correcting corrupt phenomena. [passage omitted]

In concluding the forums, Comrade Wang Quan also delivered a speech in which he first extended thanks to the nonparty personages on behalf of the autonomous regional party committee and said: In recent days, participants have voiced many favorable and important opinions for which the autonomous regional party committee will carry out earnest study. In his speech Comrade Wang Quan pointed out: At present, there are actually serious corrupt phenomena among the party and government organs and their working personnel, such as companies of various kinds, official "speculators," and

network of connections which have currently drawn strong complaints from the masses and are prominent among the phenomena. We did not expose enough these phenomena and malpractices in the past and did not deal strict blows to them, thus causing various doubts among the masses. While putting forward the task of improving the economic environment and rectifying the economic order, the 3d Plenary Session of the 13th CPC Central Committee also cited the issue of having officials perform their duties honestly to foster unity among cadres. The autonomous regional party committee has also formulated several regulations on improving the economic environment, rectifying the economic order, and deepening the reform drive in an overall way. Some concrete measures are being studied and formulated.

In his speech Comrade Wang Quan stated: Hideous and corrupt phenomena that have cropped up in society and the party and government organs cannot be separated from the faults of our work. Another important reason is that our governments are (?weak in handling these phenomena). Therefore, the task of overcoming these corrupt phenomena cannot be fulfilled in one morning or evening. Only by following the measure of deepening the reform drive in an overall way can we eliminate the breeding soil of corrupt phenomena. He urged the comrades to enhance their confidence and to cooperate with the autonomous regional party committee to mutually make efforts to implement the spirit of the 3d Plenary Session of the 13th CPC Central Committee and to fulfill the three fighting disciplinary targets set forth by the autonomous regional party committee. Bu He and Batubagen also delivered speeches during the forums. Attending the forums to listen to their opinions were He Yao, Butegeqi, Pei Yingwu, Han Ming, Faoyanh-tu, and Yur Shufen.

Bu He Addresses Inner Mongolia Work Conference
SK2210024588 Hohhot Inner Mongolia Regional Service in Mandarin 1130 GMT 20 Oct 88

[Text] Bu He, deputy secretary of the autonomous regional party committee and chairman of the autonomous regional people's government, delivered a speech at the party work conference of the regional-level organs on the morning of 20 October. In his speech he pointed out that efforts should be made to further upgrade understanding and unify thinking, to steadily enhance the party's leadership and party building, and to unite as one in gradually fulfilling the fighting targets.

In his speech Bu He stated: The current situation as a whole in our country and region is good. Industrial and agricultural production has achieved stable development. The standard of the people's livelihood from urban to rural areas has been markedly improved. All of this has laid a solid foundation for further developing the economy in the future. However, we should notice all existing problems such as price hikes and inflation which have come to the surface. Without dealing with these

problems we will be unable to develop the economy smoothly and to further deepen the reform drive. Therefore, we should (? upgrade our vigilance) against these problems. Party organizations under the regional-level departments should strictly run the party and enhance the system of inner party supervision as well as the ideological and political work. They should unite as one from top to bottom and strictly enforce orders and prohibitions to bring into full play the supervisory and guarantee roles of party organizations under organs and the vanguard and model role of party members. Under the guidance of directives issued by the CPC Central Committee and the State Council, they should do a good job in improving the economic environment and rectifying the economic order. At present, we should curtail the losses caused by the enterprises on the one hand and bring the social institutional buying power under control on the other hand. Efforts should be made to deal with the problem of overstaffing. Meanwhile, we should resolutely deal blows to official and private speculators in the commodity circulation field, impose maximum price limits on some commodities, and enhance the supervision conducted by the masses.

In citing the issue of conducting reform in his speech, Bu He stated: We should improve a series of problems that have cropped up in the drive to conduct reform, which chiefly are the relationship among the internal units of enterprises and between enterprises and outside establishments; the issue of how to successfully separate the administrative work from enterprise management; and the issue of having enterprises introduce a competition mechanism to carry out improvements and upgrading, to realize the system of distribution according to work, and to eliminate the practice of eating from the same big pot. We should further deepen the drive to conduct reform in rural areas. Reforms in political systems are imperative.

In citing the issue of strictly running the party in his speech, Bu He stated: The autonomous regional party committee has decided to change the CPC Committee under the regional-level organs into the CPC Work Committee under these organs, which will be regarded as an agency of the autonomous regional party committee and will guide the party work among the regional-level organs. This is to enhance the party affairs of organs. By displaying the spirit of reform, party organizations of various departments under the party and government organs throughout the region should enforce the principle of separating party affairs from government work, having the party handle its own affairs, strictly running the party, and of upgrading efficiency to strengthen party vigor. Efforts should be made to resolutely implement the ideological line and various guidelines and policies set forth by the party for the initial stage of socialism. Party organizations should concentrate on doing a good job in self-improvement and carrying out mutual supervision from top to bottom to bring the party's core, leading, and model roles into play. Leading personnel at all levels should take the lead in doing things in line with

the party constitution and continuously upgrade their ideological consciousness. They should remember they are Communist party members at all times.

The party work conference sponsored by the regional-level organs concluded on the afternoon of 20 October. It was chiefly aimed at implementing the spirit of the relevant documents issued by the CPC Central Committee, the principal guidelines of the 3d Plenary Session of the CPC Central Committee, and the spirit of the autonomous regional conference of secretaries from the party committees of various leagues and cities.

Inner Mongolian Animal Husbandry Develops
OW2210194488 Beijing XINHUA in English
1538 GMT 22 Oct 88

[Text] Hohhot, October 22 (XINHUA)—The Inner Mongolia Autonomous Region, the country's largest livestock producer, has witnessed a stable and sustained development of animal-raising industry over the past few years.

Reporting this, Bu He, chairman of the regional government, said that there are 32 million head of livestock in the region.

Compared with 1978, the region has doubled its output of meat, and increased its production of wool by 60 percent and of dairy products, 3.8 times, he said.

By the end of 1987, the herdsmen in the region had fenced 2.16 million hectares of grassland to create better pasture for livestock.

Now every 100 hectares of pasture is able to yield another 330 kg of meat, 31.5 kg of wool and 300 liters of milk, said Buhe.

Despite this progress, Bu He said, the region is still facing difficulties in developing its animal-raising industry. For instance, the herdsmen are still engaged in small-scale production, which is vulnerable to natural disasters.

Also, herdsmen still need to gain a new concept of commodity economy so as to further promote local animal husbandry, Bu He said.

Li Sends Off Tianjin Trade Union Delegates 20 Oct
SK2210020188 Tianjin City Service in Mandarin
2300 GMT 20 Oct 88

[Text] On the morning of 20 October, the square in front of the newly built Tianjin station was decorated with colored flags and there was a deafening sound of gongs and drums. Li Ruihuan, Wu Zhen, Nie Bichu, Liu Jinfeng and other leading comrades came to the station to bid farewell to the Tianjin delegation to the 11th National Trade Union Congress.

The leading comrades cordially met with all members of the delegation. Municipal Mayor Li Ruihuan said happily: The purpose of our coming here today to bid farewell to you, delegates, is to make our attitude known to the working class of Tianjin. That is, leading persons at various levels of Tianjin Municipality attach great importance to, and greatly trust and rely on, the masses of workers. The working class of Tianjin has played an important role in reform and construction. The 11th trade union congress is an important meeting, which is convened when reform has entered a crucial period. Key areas of the current reform are improving the economic environment and rectifying the economic order. We should cure the abnormal situation in which the economic order is chaotic, economic activities are tight, and the people are indignant. The party Central Committee calls for developing political advantages. An important aspect of this is to give play to the people's important role in the entire process of reform, and respect the master's, historical, and leading position of the working class.

He urged the delegates to carry forward the Tianjin people's spirit of self-respect, self-confidence, and self-improvement; make the congress a success; and win honor for the people of Tianjin.

Our municipality's delegation to the congress is composed of 50 members, of which 40 are full delegates and 10 are specially invited delegates. They are from the various fronts of industry, communications, urban construction, finance and trade, education, public health, scientific research, water resources and power, the petrochemical industry, and post and telecommunication.

The 11th National Trade Union Congress will be held ceremoniously in Beijing from 22 to 28 October.

Li Ruihuan Addresses Tianjin Women's Congress
*SK2310111088 Tianjin City Service in Mandarin
2300 GMT 22 Oct 88*

[Text] The Eighth Tianjin Municipal Women's Congress successfully concluded in the Tianjin Guesthouse on the afternoon of 22 October.

Attending the closing ceremony of the congress were leading comrades from the municipal organs, including Li Ruihuan, Wu Zhen, Tan Shaowen, Nie Bichu, Liu Jinfeng, Zhang Dinghua, Yang Jingheng, Wang Xudong, Lu Xuezheng, Huang Yanzhi, Li Huifen, Li Yuan, Xiao Yuan, and Fang Fang; and veteran comrade Xu Ming.

(Feng Qixian) presided over the closing ceremony of the congress, in which the results of the vote for the chairman and vice chairmen of the new committee of the municipal women's federation and then the resolution on the work report given by the seventh committee of the municipal women's federation were approved.

During the closing ceremony, Li Ruihuan, secretary of the municipal party committee and mayor of the municipality, delivered a speech. After fully acknowledging the tremendous role played by the broad masses of women in conducting reforms and carrying out construction in various fields, Li Ruihuan pointed out that in carrying out construction, there are still some problems that have restricted or hindered the role played by women. Difficulties in work undertaken by women have been caused by the objective conditions accumulated under the low standard of productive forces, the imperfect policies and laws, and particularly by incorrect ideology. Therefore, the whole party and society should adopt a correct attitude toward women from the high plane of promoting women's liberation and equality between men and women. Efforts should be made to deal with the issues further by formulating various policies that address the discrimination between men and women in education, employment, and participation in political affairs and to combat all acts infringing on the legal rights of women. We should resolutely enforce the laws pertaining to unhealthy acts persecuting women or children. Leading personnel in various units should not only discern the particular role played by women in our cause, but also understand the special difficulty of women in making progress in their livelihood. Only by so doing can we truly understand well or show concern for women comrades. Besides, we should ensure that they enjoy the due insurance and welfare of the labor force.

In his speech Comrade Li Ruihuan stated: Organizations under the women's federation should be regarded by the broad masses of women as their parent's home. They should take as their important duties the work of representing the vital interests of women and safeguarding the legal rights and interests of women. They should go to grassroots level units to carry out investigation to learn about the problems, to perform their supervisory duty, and to deal with problems.

In his speech Comrade Li Ruihuan stated: In upgrading the social status of women and bringing women's role into play, what is important is to select or train women cadres. Under the circumstance in which the competition mechanism has been introduced into personnel affairs, the issue of how to gradually increase the number of women cadres represents a new topic imposed by the reform drive on the party organizations at all levels. Party committees at all levels should realistically pay attention to selecting or training women cadres and adopt effective measures to create favorable conditions for women cadres in obtaining promotions.

In citing the issue of markets and commodity prices, which attracts the acute attention of the masses and particularly of the broad masses of women, Comrade Li Ruihuan pointed out: The central policy decision of improving the economic environment, rectifying the economic order, and deepening the reform drive in an overall way totally accords with the will of the vast number of people. Among the masses there are, of

course, some persons who still have worries. They chiefly worry whether the measure of improving the economic environment and rectifying the economic order can be implemented where there is true need and can achieve practical effects. Such a worry harbored by the masses is understandable. However, I would like to tell comrades that the central authorities have resolutely made up their minds. The municipal party committee has also resolutely adopted effective measures in this regard. In implementing these measures, we cannot only depend on the municipal leading departments, but should depend on the mobilization, participation, and supervision of the vast number of people, including women comrades, to foster the strong forces of public opinion and of social circles. Efforts should be made to impose pressure on acts that violate the price policy and raise prices arbitrarily. Through conducting education among the people as a whole, we should enable the masses to understand that the work of stabilizing prices is not only undertaken by a single person but is the common task undertaken by society as a whole. Everyone should be responsible for the work, actively join in the activities of stabilizing the prices, and take up the task of supervision. I am convinced that these aforementioned methods will certainly be supported by the vast number of people and that we will finally gain victory in the work.

During the closing ceremony, (Cao Xiurong), newly elected chairman of the municipal women's federation, delivered a closing speech. The congress closed amid the majestic music of the Internationale.

Northeast Region

Heilongjiang Industrial Production Forum Ends SK2310110588 Harbin Heilongjiang Provincial Service in Mandarin 2200 21 Oct 88

[Text] The provincial industrial production forum, which ended in Harbin on 21 October, set forth: Governments at various levels and departments in charge of economic work should strive to grasp industrial production, ensure the fulfillment of the production plan in the fourth quarter of this year, and make good preparations for next year's production.

Since the beginning of this year, our province has ensured the steady development of industrial production. The province's total industrial output value realized in the first 9 months of this year registered an increase of 9.6 percent over the corresponding period last year. The profits and taxes handed over by budgetary enterprises increased by about 25 percent over the same period of last year. However, to fulfill the annual industrial production plan, the province still has great problems relating to the supply of raw materials and power, railway transportation, and funds.

The fourth quarter is a key period linking 2 years together. All prefectures, cities, and provincial-level industrial and communications departments should take

the guidelines of the 3d Plenary Session of the 13th CPC Central Committee as guidance to correctly handle the relationship between long-term and current interests, between macroeconomy and microeconomy, between planning and marketing, and between decontrol and management; to make breakthroughs in raising enterprises' economic results; and to implement the measures for production of the province's 121 readily marketable products. The pace of reform among industrial enterprises, particularly large and medium-sized enterprises, should be accelerated. The completion and operation of the province's 400 technological transformation items should be attended to. Safety in production should be ensured. Governments at various levels and the departments in charge of the economic work should serve enterprises wholeheartedly; try every possible means to help enterprises solve such practical problems as having strains on raw materials, electricity, transportation, and funds; enhance governmental functions for economic regulation and control; make great efforts to help enterprises turn deficits around and increase profits; strive to fulfill or overfulfill the industrial production tasks in the fourth quarter of this year; and lay a solid foundation for ensuring sustained development in next year's industrial production.

Responsible comrades from prefectures, cities, and provincial-level departments in charge of the economic work attended the forum.

An Zhendong and Shao Qihui, vice provincial governors, made speeches at the forum.

Heilongjiang Urges Education on Current Situation SK2410071888 Harbin Heilongjiang Provincial Service in Mandarin 1000 GMT 22 Oct 88

[Text] To implement the guidelines of the Central Work Conference and the 3d Plenary Session of the 13th CPC Central Committee, the Heilongjiang Provincial CPC Committee issued a circular on 22 October on conducting province-wide education in the current situation and tasks.

The circular points out: The education in the current situation and tasks is a fine tradition of our party's ideological and political work. Our present emphasis on the education in the current situation and tasks in particular is a need to thoroughly study and implement the guidelines of the 3d Plenary Session of the 13th CPC Central Committee, a need to unify the will of the entire party and unite the people throughout the province to overcome difficulties, and a need to deepen the reform of our province and facilitate the development of productive forces. The main topic of this education is to study and implement the guidelines of the 3d Plenary Session of the 13th CPC Central Committee, strive to turn the tasks of improving the economic environment, rectifying the economic order, and comprehensively deepening reform into a common understanding and active deeds

of the masses of cadres and people throughout the province. Through the education, we should enable the cadres and people throughout the province to correctly understand the essence of the guidelines of the 3d Plenary Session of the 13th CPC Central Committee, and more clearly understand the situation, the tasks, and the responsibility.

The circular states: Clearly understanding the situation means that we should accurately and adequately report the tremendous achievements of the 10-year reform to the masses, realistically analyze the existing problems, and make full mental preparations for the difficulties and contradictions in the crucial period for reform. In explaining the current situation, we should persist in seeking truth from facts. When talking about achievements, we should refrain from exaggeration. When taking about difficulties, we should prevent people from becoming pessimistic. When talking about bright prospects, we should avoid talking about the complications and difficulties that may be encountered. Clearly understanding the tasks means that we should publicize the guiding principle, policy, and measures for improving the economic environment, rectifying the economic order, and comprehensively deepening reform as set forth at the 3d Plenary Session of the 13th CPC Central Committee, and make them deeply rooted in the people's hearts. Clearly understanding the responsibility means that we should stress that everyone has a share of the responsibility for reform and opening up, and enhance his sense of being the masters.

The circular urges: Party committees at various levels should conscientiously strengthen leadership. Major party and government responsible comrades should personally conduct the education in the current situation and tasks, give fully prepared and convincing reports, and hold dialogues. They should also regard this as a new starting point in strengthening and changing ideological

and political work. The methods for the education should be vivid and lively, conform to local situations, and suit different personal conditions. We should give full play to the important role of mass media in conducting the education in the current situation and tasks. Propaganda and mass media departments at various levels should unify their thinking and action in line with the guidelines of the 3d Plenary Session of the 11th CPC Central Committee, take the overall situation into account, and strictly abide by discipline. They should at once increase the visibility of the propaganda on the current situation and persist in the propaganda with positive examples to make mass work easier to the party and government. The education in the current situation and tasks is a project of systems engineering, and all fields should exert concerted efforts. Propaganda departments should shoulder, instead of shirking, responsibility. Meanwhile, we should pay attention to developing the role of people's congresses, CPPCC committees, democratic parties, and various mass organizations and coordinate with relevant departments to conduct the education. Problems reported by the masses should be conscientiously solved with resolute measures if they can be solved, and corrupt phenomena emerging in party and government organs should be strictly investigated and handled so that law-breakers are sternly punished, and law violations are corrected. We should combine ideological education with economic, administrative, legal, and disciplinary means. Only when commodity prices are truly controlled, the corrupt phenomena of party and government organs are truly eliminated, and the various fields truly exert concerted efforts can the education in the current situation and tasks truly yield results.

In conclusion, the circular points out: We should conduct the education and make efforts to improve and rectify simultaneously, and make the education more convincing and effective with the deeds in solving problems in a down-to-earth manner.

Fujian Security Organ Detects Taiwan Spy Case
*OW2410084888 Beijing XINHUA Domestic Service
in Chinese 0011 GMT 24 Oct 88*

[Text] Fuzhou, 24 Oct (XINHUA)—The state security organ in Fujian Province, after careful investigation, recently detected a spy case in which a Taiwan merchant marine, dispatched by Taiwan's Military Intelligence Bureau, sneaked into our Fujian coastal areas to conduct activities. The state security organ arrested according to law Cao Changjin, the dispatched spy, and Xiang Jianping, who stole secret documents for the enemy.

It is reported that Cao Changjin, a 36-year-old male, is a native of Changde County, Fujian Province, and currently resides in Taoyuan County, Taiwan Province. Since 1987, Cao Changjin, dispatched by the Jilong [Keelung] Section of Taiwan's Military Intelligence Bureau, had frequently used the identity of a crew member of the Taiwan ship "Jinyusheng" or that of captain of the Taiwan ship "Shengtonglong" as his cover and sneaked into the water area of the Min River estuary and coastal land areas to collect intelligence and develop a spy organization. In May this year, Cao Changjin sneaked into Pingtan County, Fujian Province, and recruited Xiang Jianping, a trading firm cashier, and arranged for her to collect our "inside" documents. In early July this year, Xiang Jianping stole 18 secret documents. But the case was cracked when she was about to deliver the secret documents to Cao Changjin.

Cao Changjin and Xiang Jianping have confessed their crimes, and the case is still being tried.

Taiwan Legislator Holds Press Conference on Visit
*OW2210005988 Beijing XINHUA Domestic Service
in Chinese 1629 GMT 18 Oct 88*

[By reporter Fan Liqing]

[Text] Hong Kong, 18 Oct (XINHUA)—Hu Qiuyuan, a veteran "legislator" from Taiwan, held a press conference in Hong Kong today, at which he once again stressed that the unification of both sides of the Taiwan Strait must not be delayed any longer, and hoped the KMT [Kuomintang] and CPC would hold peace talks as soon as possible in order to realize China's democratic reunification.

Hu Qiuyuan arrived in Hong Kong from Shenzhen this morning at the end of a month-long visit to Mainland China. Summing up what he saw and heard in there, he said: "Since the 1980's, Mainland China has made real economic progress. The people of the whole nation are essentially well-fed and clothed. New constructions in some localities, including Urumqi, Shanghai, Guangzhou, Shenzhen, and others, are very noticeable." He also pointed out some unhealthy practices on the mainland. He "believes that the Chinese Communists will not reverse their course of reform," and maintains that the visit has further strengthened his faith in China's democratic reunification.

Hu Qiuyuan said that all his life he has hoped the Chinese people would unite as soon as possible and pool the wisdom of all talented people to rebuild a democratic, wealthy, and strong nation.

Hu Qiuyuan maintains that right now Taiwan's authorities must propose a positive program for reunification and achieve an equal status for talks. Persistence in the "Three No's" policy and putting off reunification will only do harm to the Taiwan authorities' cause. Hu Qiuyuan said that, after he returns to Taiwan, he hopes to report what he saw and heard on the mainland to the leaders of the KMT, and at least will frankly talk with his many friends in the KMT about his views, in the hope that everyone will join hands to promote the movement for the democratic reunification of China.

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